

BRITTON HOLDINGS LIMITED

Report and Financial Statements

30 April 2008



BRITTON HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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BRITTON HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Clark	
M Freer	(Non Exec Resigned 26 February 2008)
S Goodman	
W Greig	(Resigned 26 February 2008)
G Bayliss	(Resigned 26 February 2008)
P Toby	(Resigned 26 February 2008)
B Turner	(Resigned 26 February 2008)
M Finneran	(Resigned 26 February 2008)

SECRETARY

S Goodman

REGISTERED OFFICE

Road One
Winsford Industrial Estate
Winsford
Cheshire

BANKERS

HSBC Bank Plc
Manchester

SOLICITORS

Eversheds LLP
1 Royal Standard Place
Nottingham

AUDITORS

Deloitte & Touche LLP
Nottingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a holding company which co-ordinates the administration of subsidiaries engaged in the manufacture and distribution of polyethylene and polypropylene film products. On 26th February 2008 the entire issued share capital of the company was acquired by Britton Flexibles Limited. There have not been any significant changes in the company's principal activities in the year under review or are expected in the next year.

Continued investment into additional production equipment has enhanced the group's product portfolio and facilitated further growth in core products both in the UK and European markets. The directors anticipate the group will continue the development and growth of core products and entry into new markets as and when suitable opportunities arise.

The director's utilise various KPI's in order to measure the performance of the business:

KPI	2008	2007
Return on Capital employed (i)	14.8%	11.6%
EBITDA % of Turnover	7.9%	7.4%
EBITDA per employee (£000)	13.5	10.8
Employee numbers	668	719

(i) Operating results as per financial statements. Capital employed being all assets less surplus cash balances and non - interest bearing provisions and liabilities.

The directors are pleased with the group's performance and the improved KPI's, despite the significant increases in raw material costs suffered during the year. The consolidation of three companies within the Security, Mailing and Retail division (being the company Britton Decoflex and the trade of Britton Packbourne and Britton Polyian, which are both now dormant) has now been completed and is expected to deliver enhanced earnings in the following year. The directors are also pleased with the net assets of the company (2008: £6,053,000, 2007: £7,150,000), the decrease being attributable to the non-recognition of the pension contributions and the subsequent disallowance of the pension surplus, in line with appropriate accounting standards.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure is a continuing risk for the group, which could result in the group losing sales to key competitors. The group manages this risk by providing added value services to its customers, having fast response times and by maintaining strong relationships with its customers.

The group exports to various countries in Europe and around the world in different currency denominations and is therefore exposed to fluctuations in exchange rates. The group hedges this risk by utilising forward contracts thereby minimising any exposure.

Fluctuations in raw material prices can lead to significant risks within the business. The group manages this risk by utilising recognised polymer price indexes as a mechanism for reflecting raw material price changes into the selling prices for specific individual customers.

The group is exposed to interest rate changes as all cash at bank is held at floating rates. The parent company, Britton Flexibles Limited, has undertaken hedging activities to manage the variable rate exposure. In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses an invoice financing facility with the bank. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where a disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

BRITTON HOLDINGS LIMITED

DIRECTORS' REPORT

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2007: £Nil). The profit for the year of £846,000 (2007: £831,000 loss) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

	Ordinary Shares of £0.01	Preferred Ordinary Shares of £0.01
M Clark	-	-
S Goodman	-	-

DONATIONS

No Charitable donations were made during the year (2007: £Nil). No political donations were made (2007: £nil).

AUDITORS

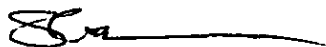
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

The directors are responsible for preparing the Annual Report 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- 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 that 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 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 HOLDINGS LIMITED

We have audited the group and individual company financial statements (the "financial statements") of Britton Holdings Limited for the year ended 30 April 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and individual company balance sheets, the consolidated cash flow statement and the related notes 1 to 26. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 30 April 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Nottingham

United Kingdom

29th August 2008

BRITTON HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 April 2008

	Note	2008 £'000	2007 £'000
TURNOVER	2	113,752	105,624
Cost of sales		(95,954)	(88,723)
Gross profit		<u>17,798</u>	<u>16,901</u>
Distribution costs		(4,262)	(4,256)
Administrative expenses - amortisation of goodwill		(564)	(564)
- other		(7,480)	(7,835)
- exceptional	4	(33)	(1,260)
Total administrative expenses		<u>(8,077)</u>	<u>(9,659)</u>
OPERATING PROFIT	4	5,459	2,986
Other finance income/(charge)	24	85	(53)
Interest receivable and similar income		13	55
Interest payable and similar charges	5	(4,524)	(3,799)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,033	(811)
Tax on profit/(loss) on ordinary activities	6	<u>(187)</u>	<u>(20)</u>
RETAINED PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR	18,19	<u>846</u>	<u>(831)</u>

All results are derived from continuing operations.

BRITTON HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Year ended 30 April 2008

		2008 £'000	2007 £'000
PROFIT/(LOSS) FOR THE YEAR		846	(831)
Unrealised surplus on revaluation		-	2,028
Actuarial (losses)/gains recognised in the pension scheme	24	(309)	1,631
Deferred tax on actuarial losses/(gains)	24	-	(610)
Write off of pension scheme surplus	24	(1,156)	-
Write off of deferred tax asset on pension scheme surplus	24	(478)	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(1,097)</u>	<u>2,218</u>

BRITTON HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 30 April 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Goodwill	7	9,051	9,615
Tangible assets	8	25,477	25,634
		<u>34,528</u>	<u>35,249</u>
CURRENT ASSETS			
Stocks	10	9,147	9,864
Debtors	11	28,129	22,226
Cash at bank and in hand		2,272	5,989
		<u>39,548</u>	<u>38,079</u>
CREDITORS: amounts falling due within one year	12	<u>(36,043)</u>	<u>(41,890)</u>
NET CURRENT ASSETS /(LIABILITIES)		<u>3,505</u>	<u>(3,811)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,033	31,438
CREDITORS: amounts falling due after more than one year	13	(31,892)	(22,532)
PROVISIONS FOR LIABILITIES	15	<u>(88)</u>	<u>(640)</u>
NET ASSETS EXCLUDING PENSION DEFICIT		6,053	8,266
Pension deficit	24	<u>-</u>	<u>(1,116)</u>
NET ASSETS INCLUDING PENSION DEFICIT		<u>6,053</u>	<u>7,150</u>
CAPITAL AND RESERVES			
Called up share capital	18	10	10
Share premium account	18	590	590
Revaluation reserve	18	2,028	2,028
Profit and loss account	18	3,425	4,522
SHAREHOLDERS' FUNDS	19	<u>6,053</u>	<u>7,150</u>

These financial statements were approved by the Board of Directors on 27th August 2008

Signed on behalf of the Board of Directors



S Goodman

Director

BRITTON HOLDINGS LIMITED

COMPANY BALANCE SHEET

30 April 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	9	9,021	9,021
CURRENT ASSETS			
Debtors	11	-	28,018
CREDITORS: amounts falling due within one year	12	(8,829)	(14,141)
NET CURRENT (LIABILITIES)/ASSETS		(8,829)	13,877
TOTAL ASSETS LESS CURRENT LIABILITIES		192	22,898
CREDITORS: amounts falling due after more than one year	13	-	(22,477)
		192	421
CAPITAL AND RESERVES			
Called up share capital	18	10	10
Share premium account	18	590	590
Profit and loss account	18	(408)	(179)
SHAREHOLDERS' FUNDS	19	192	421

These financial statements were approved by the Board of Directors on 27th August 2008

Signed on behalf of the Board of Directors



S Goodman

Director

BRITTON HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 April 2008

	Note	£'000	2008 £'000	£'000	2007 £'000
Net cash inflow from operating activities	20		4,131		5,143
Returns on investments and servicing of finance					
Interest received	13			55	
Interest paid		(4,808)		(3,076)	
Net cash outflow from returns on investments and servicing of finance			(4,795)		(3,021)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(2,779)		(3,868)	
Receipts from sales of tangible fixed assets and assets for resale		-		515	
Net cash outflow from capital expenditure and financial investment			(2,779)		(3,353)
Net cash outflow before financing			(3,443)		(1,231)
Financing					
External loans repaid		(36,618)		(2,573)	
Intercompany loan received		31,892		-	
Net cash outflow from financing			(4,726)		(2,573)
Decrease in cash in the year	22		(8,169)		(3,804)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both the current and prior year.

Accounting convention

The financial statements are prepared under the historical cost convention with the exception of fixed assets where a revaluation policy is adopted.

Basis of consolidation

The consolidated profit and loss account and balance sheet comprise the financial statements of the parent company and all its subsidiaries, all of which are made up to the same date, using the acquisition method of accounting. Internal sales and profits are eliminated on consolidation, and sales and profit figures relate to external transactions only.

Profit of parent company

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company made a loss of £229,000 during the year (2007: £256,000 loss).

Goodwill

On the acquisition of a business, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill. Purchased goodwill is amortised in equal annual amounts over its estimated useful life of twenty years. Provision for impairment is made where it is considered that the income to be generated from the relevant business no longer supports the attributed goodwill.

Tangible fixed assets

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

Freehold buildings and short leaseholds	2% per annum
Plant, machinery and equipment	Between 10% and 33.3% per annum

Plant and machinery and land and buildings are accounted for under a revaluation policy in accordance with FRS 15. This involves performing full valuations at least every five years and an interim valuation in year three. Interim valuations in years one, two and four are carried out where it is likely that there has been a material change in value.

Any valuation surplus or deficit over book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date, except where the liability is matched by a forward exchange contract; where this is the case, the liability is translated at the future contracted rate. Translation differences are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 April 2008****1. ACCOUNTING POLICIES (Continued)****Taxation**

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. 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.

Investments

Fixed asset investments are recorded at cost less provision for impairment.

Leases

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

Related party transactions

The company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' from disclosing transactions with other members of the group.

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.

One subsidiary, Britton Merlin Limited, provides pension benefits to certain qualifying employees through a defined benefit scheme. The group accounts for the scheme under FRS 17 "Retirement Benefits". Operating profit is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is shown as a finance cost within the profit and loss account.

Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographic and financial assumptions are included in the statement of total recognised gains and losses.

Recoverable pension scheme surpluses and pension scheme deficits and the associated deferred tax balances are recognised in full and included in the balance sheet. Where the pension scheme surplus is not deemed to be recoverable, it is written off through reserves.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's principal activities after deduction of trade discounts and value added tax.

The geographical analysis of turnover is as follows:

	2008 £'000	2007 £'000
United Kingdom	93,824	88,811
Rest of Europe	15,898	13,591
Other	4,030	3,222
	<u>113,752</u>	<u>105,624</u>

BRITTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2008 £'000	2007 £'000
Directors' emoluments		
Emoluments	670	792
Benefits in kind	85	95
Contributions to a defined contribution pension scheme	65	73
	<u>820</u>	<u>960</u>
Highest paid director		
Emoluments	160	160
Benefits in kind	22	22
Contributions to a defined contribution pension scheme	16	16
	<u>No</u>	<u>No</u>
Number of directors who were members of a defined contribution pension scheme	<u>6</u>	<u>6</u>
Average number of persons employed		
Production	497	546
Administration	171	173
	<u>668</u>	<u>719</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	15,154	15,393
Social security costs	1,445	1,488
Pension costs – defined contribution	407	447
	<u>17,006</u>	<u>17,328</u>

Britton Holdings Limited does not trade and as such has no employees. The directors of Britton Holdings Limited are also directors of the trading subsidiaries Britton Taco Limited, Britton Decoflex Limited, Britton Merlin Limited and Britton Group Limited. It is not practicable to allocate the directors' emoluments above between their services to Britton Holdings Limited and to the trading subsidiaries.

BRITTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

4. OPERATING PROFIT

	2008 £'000	2007 £'000
Operating profit is after charging/(crediting)		
Depreciation – owned assets	2,936	2,965
Amortisation of goodwill	564	564
Rentals under operating leases		
Plant and machinery	423	461
Other	115	324
Gain on foreign exchange	(93)	(48)
Amortisation of government grants	(55)	(31)
Fees payable to the group's auditors for the audit of the group's annual accounts	100	115
Fees payable to the company's auditors for the audit of the company's annual accounts	5	5
Other services pursuant to legislation – tax services	25	25
	<u> </u>	<u> </u>
The group has incurred exceptional items in the period:		
Redundancy and closure costs	33	1,260
	<u> </u>	<u> </u>

There are no amounts outstanding at year-end in relation to the redundancy and closure costs.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Bank loans, overdrafts and other loans	4,524	3,799
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

a) Analysis of credit in the period

	2008 £'000	2007 £'000
Current tax		
UK corporation tax at 30% based on the profit for the period	-	-
Total current tax (note 6b)	-	-
Deferred tax		
Origination and reversal of timing differences	469	29
Effect of change in tax rate	39	-
Adjustments in respect of prior year	(321)	(9)
Total deferred tax (note 16)	187	20
Total tax charge in the period	187	20

b) Factors affecting the tax charge for the period

In March 2007, the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation was substantively enacted on 26 June 2007. Deferred tax assets, previously stated at 30%, have been written down to the new rate. The phasing out of industrial building allowances (IBAs) over the next four years was also announced. Any previously accrued deferred tax asset or liability in respect of IBAs will be reversed to the profit and loss account and any further accounting or tax related impacts will be treated as permanent differences.

The tax assessed for the current year differs to the standard rate of corporation tax in the UK of 30% (2007 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit/(loss) on ordinary activities before tax	1,033	(811)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK	310	(243)
Effects of:		
Differences between capital allowances and depreciation	348	(596)
Expenses not deductible for tax purposes	186	191
Utilisation of tax losses	(613)	-
Movement in other short term timing differences	(371)	(140)
Tax losses not provided	-	788
Imputed interest	140	-
Current tax for the period (note 6a)	-	-

At present it is not envisaged that any tax will become payable in the foreseeable future on any revalued assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

7. GOODWILL

	£'000
Cost	
At 1 May 2007 and 30 April 2008	11,276
Amortisation	
At 1 May 2007	1,661
Charge for the year	564
At 30 April 2008	2,225
Net book value	
At 30 April 2008	9,051
At 30 April 2007	9,615

8. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings and short leaseholds £'000	Plant, machinery and equipment £'000	Total £'000
Cost or valuation			
At 1 May 2007	9,158	17,553	26,711
Additions	67	2,712	2,779
At 30 April 2008	9,225	20,265	29,490
Accumulated depreciation			
At 1 May 2007	-	1,077	1,077
Charge for the year	134	2,802	2,936
At 30 April 2008	134	3,879	4,013
Net book value			
At 30 April 2008	9,091	16,386	25,477
At 30 April 2007	9,158	16,476	25,634

Freehold land and buildings with a net book value of £9,041,000 (2007 £9,100,000) are included within land and buildings, of which £3,100,000 (2007 £3,100,000) belonging to land has not been depreciated.

In May 2007 local qualified surveyors, DTZ Debenham Tie Lung Surveyors, revalued the land and buildings and management revalued the plant, machinery and equipment. All assets within these classifications were re-valued, the results of which are included above in the comparatives. During the current year, management have reviewed the valuations of the assets and believe there to be no material difference to the amounts already stated. If the assets had not been revalued, land and buildings would have a net book value of £7,089,000 (cost £8,261,000, depreciation of £1,172,000) and plant and machinery a net book value of £16,360,000 (cost £35,513,000, depreciation of £19,153,000). In the directors' opinion there is no material difference between the result of the group as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

9. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in subsidiaries £'000
Cost	
At 1 May 2007 and 30 April 2008	9,021

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>
Britton Group (Holdings)	Holding company
Britton Group Limited	Holding company
Merlin Group Holdings Limited	Holding company
Britton Merlin Limited	Extrusion, printing, conversion and lamination of polythene films
Britton Group Plastics Limited	Dormant
Britton Taco Limited	Extrusion and conversion of polythene films including coex and embossed films
Britton Packbourne Limited	Polythene film converter, activities transferred to Britton Decoflex on the 24 th April 2007
Britton Precision Limited	Dormant
Britton Security Packaging Limited	Dormant
Britton Decoflex Limited	Manufacture and distribution of polythene security and distribution packaging
Britton Polyian Limited	Printing and conversion of polythene, activities transferred to Britton Decoflex on the 25 th October 2006
Pampascourt Limited	Employees' share ownership plan trust
Hubcharm Limited	Dormant
Finoplas Limited	Dormant
CK Addison and Company Limited	Dormant
Taco Plastics Limited	Dormant
Tacolin Limited	Dormant
Britton Polymon Limited	Dormant
Merlin Pension Trustees Limited	Dormant

In the opinion of the directors the value of the investments in subsidiaries has a value not less than the net assets in the relevant subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

10. STOCKS

	Group	
	2008	2007
	£'000	£'000
Raw materials and consumables	3,573	3,084
Work-in-progress	872	730
Finished goods	4,702	6,050
	<u>9,147</u>	<u>9,864</u>

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

11. DEBTORS

	Company		Group	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade debtors	-	-	25,029	19,538
Amounts owed by subsidiary undertakings	-	28,018	-	-
Deferred tax asset (note 16)	-	-	-	187
Prepayments and accrued income	-	-	3,100	2,501
	<u>-</u>	<u>28,018</u>	<u>28,129</u>	<u>22,226</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Company		Group	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank overdrafts	-	-	5,283	831
Bank loans	-	14,141	-	14,141
Amounts owed to group companies	8,829	-	1,250	-
Trade creditors	-	-	21,996	17,956
Other taxes and social security	-	-	2,124	2,134
Accruals and deferred income	-	-	5,390	6,828
	<u>8,829</u>	<u>14,141</u>	<u>36,043</u>	<u>41,890</u>

The bank overdraft relates to an invoice discounting function with the bank and is secured against the trade debtors balance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Company		Group	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	-	1,256	-	1,256
Amounts owed to group companies	-	-	31,892	-
Accruals and deferred income	-	-	-	55
Other loans	-	21,221	-	21,221
	<u>-</u>	<u>22,477</u>	<u>31,892</u>	<u>22,532</u>

14. BORROWINGS

	Company & Group	
	2008	2007
	£'000	£'000
Secured bank loans	-	15,526
10% Secured loan notes	-	21,042
6.5% Secured loan notes	-	50
	<u>-</u>	<u>36,618</u>
Less amounts due within one year	-	(14,141)
Total borrowings falling due after more than one year	<u>-</u>	<u>22,477</u>
Repayment schedule		
By instalments, due after:		
More than one year but less than two years	-	1,256
More than two years but less than five years	-	7,187
More than five years	-	14,034
	<u>-</u>	<u>22,477</u>

Following the transaction during the year, as referred to in the directors' report, the loan notes and bank loans were repaid.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

15. PROVISIONS FOR LIABILITIES

Group	2008 £'000	2007 £'000
Dilapidations provision	73	77
Vacant leasehold property provision	15	563
	<u>88</u>	<u>640</u>

Dilapidations provision

This represents provisions for making good premises leased by the group. It is expected that the majority of this expenditure will be incurred in 2008 upon expiry of the lease.

	2008 £'000	2007 £'000
At start of year	77	77
Utilisation for the year	(4)	-
At start of year and at 30 April	<u>73</u>	<u>77</u>

Vacant leasehold property provision

This represents a provision for costs to be incurred in respect of several vacant leasehold properties. It is expected that all of this expenditure will be incurred in the next financial year.

	2008 £'000	2007 £'000
At start of year	563	254
Utilisation for the year	(548)	(183)
Charge for the year	-	492
At 30 April	<u>15</u>	<u>563</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

16. DEFERRED TAXATION

The movements in deferred taxation as calculated on the liability method at 28% (2007: 30%) are set out below.

	2008 £'000	2007 £'000
At start of year	187	207
Charge for the year	(187)	(20)
At 30 April	<u>-</u>	<u>187</u>

The amounts provided in the accounts and the amounts not provided are as follows:

Group	Provided 2008 £'000	Not Provided 2008 £'000	Provided 2007 £'000	Not provided 2007 £'000
Accelerated capital allowances	-	1,132	(1,157)	-
Short term timing differences	-	540	60	-
Rolled over gains	-	-	-	(32)
Trading losses carried forward	-	248	1,284	2,466
	<u>-</u>	<u>1,920</u>	<u>187</u>	<u>2,434</u>

The resulting deferred tax asset is included within debtors (note 11).

Deferred tax is not provided where there is uncertainty over the recovery of the asset, with regard to future taxable profits. In the current year it is expected that there will be sufficient trading losses around the group in 2009 to utilise against expected taxable profits and accordingly no deferred tax asset is provided. A deferred tax asset would be recognised if it was expected that there would be sufficient taxable profits in 2009 against which the assets would be utilised.

The company has no provided or unprovided deferred tax in either the current or prior year.

17. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
540,000 ordinary shares of 1p each	5	5
450,000 preferred ordinary shares of 1p each	5	5
10,000 A ordinary shares of 1p each	-	-
	<u>10</u>	<u>10</u>
Allotted, called up and fully paid		
540,000 ordinary shares of 1p each	5	5
450,000 preferred ordinary shares of 1p each	5	5
10,000 A ordinary shares of 1p each	-	-
	<u>10</u>	<u>10</u>

Ordinary and preferred ordinary shares rank pari passu but constitute separate classes of shares.

BRITTON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

18. MOVEMENT ON RESERVES

Group	Share Capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	2008 Total £'000	2007 Total £'000
At start of year	10	590	2,028	4,522	7,150	4,932
Profit/(loss) for the year	-	-	-	846	846	(831)
Revaluation gain	-	-	-	-	-	2,028
Actuarial (loss)/gain	-	-	-	(309)	(309)	1,021
Net write off of pension surplus	-	-	-	(1,634)	(1,634)	-
At 30 April	10	590	2,028	3,425	6,053	7,150

Company	Share Capital £'000	Share premium account £'000	Profit and loss account £'000	2008 Total £'000	2007 Total £'000
At start of year	10	590	(179)	421	677
Loss for the year	-	-	(229)	(229)	(256)
At 30 April	10	590	(408)	192	421

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company		Group	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
At start of year	421	677	7,150	4,932
Revaluation reserve	-	-	-	2,028
Net movement on pension deficit	-	-	(1,943)	1,021
(Loss)/profit for the year	(229)	(256)	846	(831)
At 30 April	192	421	6,053	7,150

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£'000	£'000
Operating profit	5,459	2,986
Depreciation and amortisation	3,500	3,529
Loss on sale of tangible fixed assets	-	115
Pension contributions	(2,974)	-
Decrease in stocks	717	375
(Increase)/decrease in debtors	(6,090)	603
Increase/(decrease) in creditors	4,071	(2,774)
(Decrease)/increase in provisions	(552)	309
Net cash inflow from operating activities	4,131	5,143

21. ANALYSIS OF NET DEBT

	At 30	Cash	Other	At 30
	April	flow	non-cash	April
	2007	£'000	changes	2008
	£'000	£'000	£'000	£'000
Cash in hand and at bank	5,989	(3,717)	-	2,272
Overdrafts	(831)	(4,452)	-	(5,283)
	5,158	(8,169)	-	(3,011)
Debt due after 1 year	(22,477)	22,477	-	-
Debt due within 1 year	(14,141)	14,141	-	-
Intercompany borrowing	-	(31,892)	-	(31,892)
	(36,618)	4,726	-	(31,892)
Total	(31,460)	(3,443)	-	(34,903)

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£'000	£'000
Decrease in cash in the year	(8,169)	(3,804)
Cash outflow from decrease in debt financing	-	2,317
Cash outflow from repayment of external loans	36,618	-
Cash inflow from intercompany	(31,892)	-
Change in net debt resulting from cash flows	(3,443)	(1,487)
Movement in net debt in the year	(3,443)	(1,487)
At start of year	(31,460)	(29,973)
At 30 April	(34,903)	(31,460)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

23. FINANCIAL COMMITMENTS

	2008	2007
	£'000	£'000
Capital commitments		
Amounts contracted for but not provided	1,957	297
Authorised but not yet contracted for	-	154

Operating lease commitments

At 30 April 2008, the group had annual commitments under non-cancellable operating leases as set out below:

	2008		2007	
	Other £'000	Plant and machinery £'000	Other £'000	Plant and machinery £'000
Operating leases which expire:				
Within one year	-	96	72	35
In more than one year but less than two years	-	54	140	95
In more than two years but less than five years	76	207	-	193
In more than five years	115	-	76	-
	<u>191</u>	<u>357</u>	<u>288</u>	<u>323</u>

24. PENSIONS

Defined benefit scheme

One subsidiary, Britton Merlin Limited, operates a defined benefit pension scheme in the UK called the Merlin Pension Scheme (the 'Scheme'), which provides pension benefits to certain employees based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies.

As at 1 November 1998, the existing Scheme members were transferred into the group defined contribution scheme. The Scheme is closed to future benefit accrual and there are only deferred pensioners and current pensioners. Contributions of £2,974,000 were paid to the Scheme in the year under consideration (2007: £455,940). This scheme will continue as a closed fund.

An actuarial valuation of the Scheme by an independent qualified actuary was last carried out as at 31 March 2005 and this has been updated to reflect the fair value of Scheme assets at 30 April 2008 and market conditions as at that date.

The major assumptions used by the actuary were:

	2008	2007	2006
	%	%	%
Inflation assumption	3.50	3.00	2.75
Discount rate	6.40	5.50	5.20
Rate of increase in pensions in payment	3.25	2.90	2.75

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

24. PENSIONS (CONTINUED)

The assets in the scheme and the expected rate of return were:

	2008	2008	2007	2007	2006	2006
	%	£'000	%	£'000	%	£'000
Equities	7.75	6,462	7.75	6,771	7.50	6,009
Bonds	5.00	5,252	4.75	2,535	4.50	2,223
Cash	4.75	31	4.75	31	4.50	107
		<u>11,745</u>		<u>9,337</u>		<u>8,339</u>
Total market value of assets		11,745		9,337		8,339
Present value of liabilities		<u>(10,589)</u>		<u>(10,931)</u>		<u>(11,967)</u>
		<u>1,156</u>		<u>(1,594)</u>		<u>(3,628)</u>
Surplus/(deficit)		1,156		(1,594)		(3,628)
Derecognition of surplus		<u>(1,156)</u>		<u>-</u>		<u>-</u>
Related deferred tax asset		-		478		1,088
		<u>-</u>		<u>(1,116)</u>		<u>(2,540)</u>
Net pensions liability		-		(1,116)		(2,540)

	2008	2007
	£'000	£'000
Net assets		
Net assets excluding pension liability	6,053	8,266
Pension liability	<u>-</u>	<u>(1,116)</u>
Net assets including pension liability	<u>6,053</u>	<u>7,150</u>
Reserves		
Profit and loss reserve excluding pension liability	3,425	5,638
Pension liability	<u>-</u>	<u>(1,116)</u>
Profit and loss reserve including pension liability	<u>3,425</u>	<u>4,522</u>
Analysis of the amount charged to operating profit		
Past service cost	<u>-</u>	<u>-</u>
Total operating income	<u>-</u>	<u>-</u>
Analysis of the amount charged to other finance costs	£'000	£'000
Expected return on pension scheme assets	677	564
Interest on pension scheme liabilities	<u>(592)</u>	<u>(617)</u>
Net return	<u>85</u>	<u>(53)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

24. PENSIONS (CONTINUED)

Analysis of amount recognised in statement of total recognised gains and losses	£'000	£'000		
Actual return less expected return on pension scheme assets	(924)	193		
Experience gains and losses arising on the scheme liabilities	(324)	(57)		
Changes in assumptions underlying the present value of the scheme liabilities	939	1,495		
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(309)	1,631		
Derecognition of surplus	(1,156)	-		
Derecognition of deferred tax asset	(478)	-		
Total recognised in statement of total recognised gains and losses	(1,943)	1,631		
	2008	2007		
	£'000	£'000		
Movement in deficit during the year				
Deficit in scheme at start of period	(1,594)	(3,628)		
Movement in year:				
Cash contribution (excl member contributions)	2,974	456		
Past service costs	-	-		
Other finance income/(expense)	85	(53)		
Actuarial (loss)/gain	(309)	1,631		
Surplus/(deficit) in scheme at end of the year	1,156	(1,594)		
Net amount written off	(1,156)	-		
Gross deficit recognised in the financial statements	-	(1,594)		
History of experience gains and losses	2008	2007	2006	2005
Difference between the expected and actual return on scheme assets:				
Amount (£'000)	(924)	193	1,127	73
Percentage of scheme assets	(7.9%)	2.1%	13.5%	0.01%
Experience gains and losses on scheme liabilities				
Amount (£'000)	(324)	(57)	31	(214)
Percentage of the present value of the scheme liabilities	(3.1%)	(0.5%)	0.3%	(0.02%)
Total amount recognised in statement of total recognised gains and losses:				
Amount (£'000)	309	1,631	846	(706)
Difference between the expected and actual return on scheme assets	2.9%	14.9%	7.1%	(0.06%)

Defined contribution scheme

The group pays contributions on behalf of certain directors and employees to a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Total contributions paid to the group defined contribution scheme during the year were £407,000 (2007: £447,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2008

25. ULTIMATE CONTROLLING PARTY

As at the year-end, the ultimate and immediate parent company is Britton Flexibles Limited. The ultimate controlling parties are the directors of that company; no individual controls the company. The consolidated financial statements of Britton Holdings Limited are the smallest and largest group for which consolidated financial statements are prepared.

26. FOREIGN EXCHANGE CONTRACTS

One of the group companies, Britton Taco Limited, enters into forward exchange contracts to purchase € at a fixed rate. As allowed under UK GAAP the payables which are matched by these contracts are translated at year-end at the forward contracted rate. As at year-end there are €4,750,000 of contracts outstanding, which will all mature within six months of the balance sheet date. The directors believe that there is no material fair value attributable to these contracts.