

# **pack2pack UK Ltd**

## **Report and Financial Statements**

**31 October 2012**

**Company registered number 05961878**

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COMPANIES HOUSE

**Registered address**

**Avonmouth Way West  
Avonmouth  
Bristol  
BS11 9HD**

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## Directors' report

The directors present their report and the financial statements for the year ended 31 October 2012 (2011 10 month period ended 31 October 2011)

## RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £134,000 (2011 loss of £629,000) There were no dividend payments during the period (2011 Nil)

## PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is the recycling of steel drums and plastic containers

Trading has suffered in the period from a lack of raw material in the market place and the increasing value of scrap, which has a negative impact on the company's supply of raw materials

The company's key financial and other performance indicators during the period were as follows (2011 10 month period ended 31 October 2011)

	2012 (12 Months) £'000	2011 (10 Months) £'000
Turnover	5,741	4,899
Operating profit / (loss)	26	(192)
Profit for the financial year	134	(629)
Average number of employees	42	42

## TRENDS AND FACTORS AFFECTING PERFORMANCE

Pack2pack UK Ltd remains the major supplier of reconditioned steel drums and reconditioned IBC's in the UK and the company expects to be able to grow this position The value of scrap has risen but still has an impact on our buying prices and supply of materials The company believes it is in a strong position due to its spread of business across the UK

The company continues to monitor its environmental performance and intends to maintain a level of performance which is sympathetic to UK environmental requirements The environmental quality assurance standard, ISO 14001 has been achieved

The company continues to operate according to ISO9001-2000 The directors do not expect any further European or national regulations to affect the company's products in the near future

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

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company continually monitors the risks and uncertainties that it faces by daily informal contact between the directors, the employees and other business partners. The company considers the following to be the principal risks and uncertainties facing the company:

- Market maturity and competition. The company operates in a mature market and it continues to face stiff competition from other manufacturers, at home and abroad, and also from other competing products.
- The lack of raw material in the market place, the still high price of scrap and the economic situation. Should the material supply reduce due to the scrap price, the sales and profit would be adversely affected.

The main risks associated with the company's financial assets and liabilities are set out below, as are the policies agreed by the board for their management:

- Interest rate risk. The company finances its operations through a mixture of shareholders' equity and balances with group undertakings.
- Foreign currency risk. The company's transactions are predominantly in sterling and this means that there are only limited foreign currency risks. The company does not make routine hedges for foreign currency risks, but will do so, from time to time, when a particularly large and clearly defined risk is identified.

### **FUTURE DEVELOPMENTS**

The directors expect the company to be able to improve profitability in future years, providing there are no major changes in the external economic environment.

### **GOING CONCERN**

The directors believe that the company has adequate resources, including support from its parent company, to continue operation for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

### **DIRECTORS**

The directors who served during the period were:

Christopher Scapens  
Alain Sirejacob  
Daniel Ray Lister

The following changes were made after the year end:

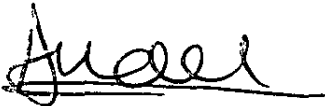
Christopher Scapens	(resigned 20 July 2013)
Graham Duerden	(appointed 5 July 2013)
Andrew Hall	(appointed 5 July 2013)

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

### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being significant information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**By order of the board**

A handwritten signature in black ink, appearing to read 'Andrew Hall', written over a horizontal line.

Andrew Hall  
Director

Date 10<sup>TH</sup> December 2013

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). 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 of the company 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 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PACK2PACK UK LTD**

We have audited the financial statements of pack2pack UK Ltd for the year ended 31 October 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. 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 6, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 31 October 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PACK2PACK UK LTD

### 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

*Ernst & Young LLP*

Gary Harding (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

*Date 11 December 2013*



## PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2012

	Note	12 month period ended 31 October 2012 £'000	10 month period ended 31 October 2011 £'000
<b>TURNOVER</b>	2	5,741	4,899
Net operating expense	3	(5,715)	(5,091)
<b>OPERATING PROFIT / (LOSS)</b>	4	26	(192)
Interest receivable and similar income		4	-
Other financial income	7	329	-
Interest payable and similar charges	8	(157)	(316)
Loss on disposal of fixed assets	4	(68)	-
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX</b>		134	(508)
Tax on loss on ordinary activities	9	-	(121)
<b>PROFIT / (LOSS) FOR THE FINANCIAL YEAR</b>	17	134	(629)

The Company has no recognised gains and losses other than the results for each year as described above. Accordingly, a separate statement of total recognised gains and losses has not been presented.

All activity arises from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

## BALANCE SHEET

At 31 October 2012

	Note	31 October 2012 £'000	31 October 2011 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	2,140	1,690
<b>CURRENT ASSETS</b>			
Stocks	11	226	268
Debtors	12	1,718	1,742
Cash at bank and in hand		219	141
		<u>2,163</u>	<u>2,151</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(1,870)	(710)
<b>NET CURRENT ASSETS</b>		<u>293</u>	<u>1,441</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,433</u>	<u>3,131</u>
<b>CREDITORS: amounts falling due after one year</b>	14	(3,952)	(4,765)
Provisions for liabilities	15	-	(19)
<b>NET LIABILITIES</b>		<u>(1,519)</u>	<u>(1,653)</u>
<b>CAPITAL RESERVES</b>			
Called up share capital	16	2,500	2,500
Share premium	17	2,999	2,999
Profit and loss account	17	(7,018)	(7,152)
<b>SHAREHOLDERS' DEFICIT</b>	17	<u>(1,519)</u>	<u>(1,653)</u>

The Balance Sheet was approved by the board of directors on 10<sup>th</sup> December 2013 and signed on its behalf by



Graham Duerden  
Director

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 1 ACCOUNTING POLICIES

#### Basis of preparation

The financial statements of pack2pack UK Ltd were approved for issue by the Board of Directors on 10 December 2013

The financial statements have been prepared in accordance with the applicable accounting standards and under the historical cost convention

The financial statements for the Company are made up of the 12 month period to 31 October 2012, the corresponding period is for the 10 month period to 31 October 2011 as the period end date was changed to create a more coherent reporting deadline structure in line with the new parent company, Greif UK Holding Limited. Therefore, the prior year amounts are not entirely comparable as they are based on a shorter accounting period

These financial statements have been prepared on the going concern basis as the directors believe that the company has adequate resources, including support from its parent company, to continue its operation for the foreseeable future

#### Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows as it is a wholly owned subsidiary undertaking and the consolidated financial statements in which the company is included are publicly available

#### Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Freehold buildings	–	over 50 years
Plant and machinery	–	over 10 to 15 years

No depreciation is provided on freehold land

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale	–	purchase cost on a first-in first-out basis
Finished goods	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 1 ACCOUNTING POLICIES (continued)

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

#### Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

#### Operating lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the company's continuing activity as stated in the directors' report. Turnover, includes the sales value of all finished goods and scrap materials despatched during the accounting period and all income for charges made bringing raw material into the company's premises

	2012 £'000	2011 £'000
<b>By Activity:</b>		
Sales of finished goods	5,415	4,624
Sale of scrap	224	180
Charges for raw materials coming in door	102	95
	<u>5,741</u>	<u>4,899</u>
	2012 £'000	2011 £'000
<b>By Geographical Market:</b>		
United Kingdom	5,729	4,867
Rest of Europe	12	32
	<u>5,741</u>	<u>4,899</u>

### 3. NET OPERATING EXPENSES

	2012 £'000	2011 £'000
Change in stocks of finished goods and work in progress	14	(13)
Raw materials and consumables	2,203	1,823
Other external charges	144	454
Staff costs (see note 6)	1,337	1,109
Depreciation	94	96
Restructuring costs	13	-
Other operating charges	1,910	1,622
	<u>5,715</u>	<u>5,091</u>

### 4. OPERATING PROFIT / (LOSS)

This is stated after charging

	2012 £'000	2011 £'000
Operating lease rentals – hire and rentals payable of plant and machinery	241	197
Depreciation and other amounts written off tangible fixed assets	94	96
Impairment of freehold land and buildings	-	327
Current Auditors' remuneration (see note 5 audit)	15	-
Previous Auditors' remuneration (audit)	2	13
Previous Auditors' remuneration (other services)	5	-
	<u></u>	<u></u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 4. OPERATING LOSS (continued)

During the previous financial year, pack2pack UK Ltd was acquired by Greif International Holdings BV. As part of the acquisition, a fair value exercise was undertaken which indicated that the carrying value of the land and buildings of pack2pack UK Ltd exceeded the fair value estimate. An impairment adjustment was therefore included in the 2011 financial statements to bring the carrying value into line with this valuation. During the year the company has disposed of plant and machinery with a net book value of £68,000 for nil proceeds. This loss on disposal has been shown as an exceptional item below operating loss.

### 5. AUDITORS REMUNERATION

The remuneration of the auditors is further analysed as follows

	2012 £'000	2011 £'000
Audit of the financial statements	17	15

### 6. STAFF COSTS

(a) Staff costs

	2012 £'000	2011 £'000
Wages and salaries	1,176	977
Social security costs	117	96
Other pension costs (note 19)	44	36
	<u>1,337</u>	<u>1,109</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 6. STAFF COSTS (continued)

The average monthly number of employees during the period was made up as follows

	2012 No	2011 No
Manufacturing	34	34
Commercial, technical and administration services	8	8
	<u>42</u>	<u>42</u>

#### (b) Directors' remuneration

	2012 £'000	2011 £'000
Director's emoluments	73	71
Company contributions to money purchase pension scheme	12	10
	<u>85</u>	<u>81</u>

### 7. OTHER FINANCIAL INCOME

	2012 £'000	2011 £'000
Net exchange gains	329	-
	<u>329</u>	<u>-</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Bank loans and overdrafts	-	188
Group loans	154	-
Bank charges and fees	3	3
Net exchange losses	-	125
	<u>157</u>	<u>316</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES

#### (a) Tax on loss on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK Corporation tax on loss for the year	-	-
Total current tax (note 9(b))	-	-
Deferred tax credit (note 9(d))	-	(121)
Tax on loss on ordinary activities	-	(121)

#### (b) Factors affecting tax credit for the year

The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 24.83% (2011: 26.59%). The differences are reconciled below

	2012 £'000	2011 £'000
Profit/(Loss) on ordinary activities before taxation	134	(508)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.83% (2011: 26.59%)	33	(135)
Effects of		
Expenses not deductible for tax purposes	3	100
Decelerated/(Accelerated) capital allowances for the year	38	(57)
Decrease in other timing differences for the year	(1)	-
Losses for the year (utilised)/carried forward	(73)	92
Total current tax (note 9(a))	-	-

#### (c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The net deferred tax position has been calculated using a rate of 23% as it was substantively enacted before the balance sheet date, the further rate changes will be taken account in the 2013 statutory accounts.



## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

#### (d) Deferred tax

	2012 £'000	2011 £'000
Deferred tax has been recognised in the profit & loss account as follows		
Origination and reversal of timing differences		
Prior year	-	(108)
Impact of changes in tax rate	-	(13)
Total Deferred tax	-	(121)

#### (e) Deferred tax unrecognised

	2012 £'000	2011 £'000
The elements of the deferred tax unrecognised are as follows		
Decelerated capital allowances	319	260
Other timing differences	1	2
Unutilised tax losses	575	769
Potential deferred tax asset	895	1,031

The potential deferred tax asset has not been recognised as there is insufficient evidence that the asset would be recoverable

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Total</i>
	£'000	£'000	£'000
Cost			
At 1 November 2011	1,622	1,068	2,690
Additions	-	612	612
Disposals	-	(189)	(189)
As at 31 October 2012	<u>1,622</u>	<u>1,491</u>	<u>3,113</u>
Depreciation			
At 1 November 2011	386	614	1,000
Charge for year	10	84	94
Disposals	-	(121)	(121)
At 31 October 2012	<u>396</u>	<u>577</u>	<u>973</u>
Net book value			
At 31 October 2012	<u>1,226</u>	<u>914</u>	<u>2,140</u>
At 31 October 2011	<u>1,236</u>	<u>454</u>	<u>1,690</u>

Included within freehold land and buildings is land at a cost of £1,202,000 which is not depreciated

### 11. STOCKS

	<i>2012</i>	<i>2011</i>
	£'000	£'000
Raw materials and consumables	189	233
Finished goods and goods for resale	37	35
	<u>226</u>	<u>268</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 12. DEBTORS

	2012	2011
	£'000	£'000
Trade debtors	1,250	1,215
Amounts owed by group undertakings	304	401
Prepayments and accrued income	164	126
	<u>1,718</u>	<u>1,742</u>

### 13. CREDITORS amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	580	232
Amounts due to group undertakings	969	134
Other taxation and social security costs	112	220
Other creditors and accruals	209	124
	<u>1,870</u>	<u>710</u>

### 14. CREDITORS amounts falling due after one year

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	<u>3,952</u>	<u>4,765</u>

### 15. PROVISIONS FOR LIABILITIES

	£'000
As at 1 January 2011	19
Provided / (utilised) in the period	-
As at 31 October 2011	<u>19</u>
Provided / (utilised) in the period	(19)
As at 31 October 2012	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 16. SHARE CAPITAL

Authorised, allotted, called up and fully paid

	2012 No	2011 No	2012 £'000	2011 £'000
Ordinary shares of £1 each	2,500	2,500	2,500	2,500

### 17. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT ON RESERVES

Authorised, allotted, called up and fully paid

	Share Premium Account £'000	Share capital £'000	Profit and loss account £'000	Total share- holders' deficit £'000
As at 1 January 2011	2,999	2,500	(6,523)	(1,024)
Loss for the 10 month period	-	-	(629)	(629)
As at 31 October 2011	2,999	2,500	(7,152)	(1,653)
Profit for the year	-	-	134	134
As at 31 October 2012	2,999	2,500	(7,018)	(1,519)

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 October 2012

### 18. OTHER FINANCIAL COMMITMENTS

At 31 October 2012 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Plant &amp; Equipment</i>	
	<i>2012</i>	<i>2011</i>
	£'000	£'000
Operating leases which expire		
In two to five years	34	22
	<u>          </u>	<u>          </u>

### 19. PENSION COMMITMENTS

Defined contribution pension schemes

The Company operates a defined contributions pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme amounted to £44,000 (2011: £36,000).

There were no outstanding contributions at the end of the financial year (2011: £7,000).

### 20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained within FRS8 from disclosing transactions with related parties that are part of the Greif Inc.

There were no related party transactions with directors of Greif Inc.

### 21. PARENT UNDERTAKINGS AND CONTROLLING PARTY

pack2pack UK Limited is a wholly owned subsidiary of Greif UK Holdings Limited, a company registered in England.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Greif, International Holding Supra II C V.

Copies of its group financial statements, which included the company, are available from Greif, Inc., 425 Winter Road, Delaware, Ohio 43015, USA.