

Bemis Packaging UK Limited  
Annual report  
for the year ended 31 December 2006

Registered Number 949464

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Bemis Packaging UK Limited

Annual report

for the year ended 31 December 2006

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# **Bemis Packaging UK Limited**

## **Directors and advisors for the year ended 31 December 2006**

### **Director**

M Dussart

### **Secretary**

J Belsack

### **Auditors**

PricewaterhouseCoopers LLP  
Queen Victoria House  
Guildhall Road  
Hull  
HU1 1HH

### **Bankers**

ING Bank N V  
60 London Wall  
London  
EC2M 5TQ

### **Registered office**

The Flarepath  
Elsham Wold Industrial Estate  
Brigg  
North Lincolnshire  
DN20 0SP

# **Bemis Packaging Limited**

## **Director's report for the year ended 31 December 2006**

The director presents the annual report and the audited financial statements for the year ended 31 December 2006

### **Principal activities**

The company's principal activity is the sale of food packaging products in the United Kingdom, which are supplied by fellow subsidiaries in Europe

### **Review of business and future developments**

The turnover for the year has not significantly increased or decreased £14,785,416 (2005 £14,746,799) principally due to volatile market conditions. However, due to increases in staff and material costs the company made an operating loss for the year of £370,756 (2005 £102,146 loss). The result for the year is shown in the profit and loss account on page 6

Our aim is to remain a leading supplier of flexible films in the food packaging industry

### **Key performance indicators**

The company's director is of the opinion that additional analysis using key performance indicators is not necessary for an understanding of the development and performance of the business

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company

Given the size of the company, the director has not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the company's finance department

#### *Price risk*

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made

#### *Liquidity risk*

The company retains sufficient cash to ensure it has sufficient available funds for operations. The company also has access to longer term funding from its ultimate parent undertaking if required

#### *Interest rate cash flow risk*

The company has interest bearing assets, which include only cash balances earning interest at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

### **Dividends**

The director does not recommend the payment of a dividend (2005 £Nil)

# Bemis Packaging Limited

## Director

The director who held office in the year is set out on page 1

## 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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

## Disclosure of information to auditors

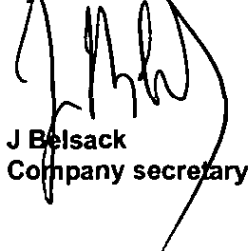
So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as "information needed by the Company's auditors in connection with preparing their report".

The director has taken all steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



J Belsack  
Company secretary

# **Bemis Packaging Limited**

## **Independent auditors' report to the members of Bemis Packaging UK Limited**

We have audited the financial statements of Bemis Packaging Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

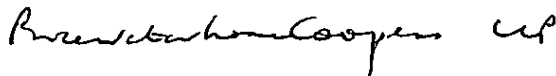
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Bemis Packaging Limited

## 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 company's affairs as at 31 December 2006 and of its loss 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



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Hull

24 May 2007

# Bemis Packaging UK Limited

## Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	14,785,416	14,746,799
Net operating expenses	3	(15,156,172)	(14,848,945)
Operating loss	4	(370,756)	(102,146)
Bank interest receivable		21,186	24,022
Interest payable and similar charges	7	(4,040)	(3,124)
Loss on ordinary activities before taxation		(353,610)	(81,248)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year	15, 16	(353,610)	(81,248)
Retained loss brought forward	15	(1,034,359)	(953,111)
Loss carried forward	15	(1,387,969)	(1,034,359)

All of the above results arise from continuing operations throughout the year

The company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

# Bemis Packaging UK Limited

## Balance sheet as at 31 December 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	9	9,497	9,542
<b>Current assets</b>			
Stock	10	2,242,109	2,310,344
Debtors	11	3,222,215	3,164,218
Cash at bank and in hand		533,362	702,411
		<b>5,997,686</b>	6,176,973
<b>Creditors, amounts falling due within one year</b>	12	<b>(5,492,642)</b>	(5,318,364)
<b>Net current assets</b>		<b>505,044</b>	858,609
<b>Net assets</b>		<b>514,541</b>	868,151
<b>Capital and reserves</b>			
Called up share capital	14	1,902,510	1,902,510
Profit and loss account	15	(1,387,969)	(1,034,359)
<b>Equity shareholders' funds</b>	16	<b>514,541</b>	868,151

The financial statements on pages 6 to 15 were approved by the board of directors on 24 May 2007 and were signed on its behalf by



M Dussart  
Director

# Bemis Packaging UK Limited

## Notes to the financial statements for the year ended 31 December 2006

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are

Computer equipment	20%
Office equipment	20%

#### **Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### **Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete and defective stocks

#### **Turnover**

Turnover, which excludes value added tax and trade discounts, is recognised on an accruals basis and represents the invoiced value of goods and services supplied

#### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to reverse in the future. Deferred tax assets that arise as a result of timing differences are recognised when their future recovery is assessed as being more likely than not. Provision is made at the rate of tax which is expected to be applied when the liability or asset is expected to crystallise. Deferred tax assets and liabilities are not subject to discounting

#### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions have been translated at the rates of exchange ruling at the time of the transaction. The resulting gains and losses on the translation of foreign currencies have been dealt with in the profit and loss account in the year in which they arise

#### **Pension contributions**

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. Contributions under the company's defined contribution pension scheme are charged to the profit and loss account as incurred. The company provides no other post retirement benefits to its employees

# Bemis Packaging UK Limited

## 1 Principal accounting policies (continued)

### Cash flow statement

As Bemis Packaging UK Limited is a wholly owned subsidiary, and the consolidated financial statements of the ultimate parent company, Bemis Company Inc, are publicly available, advantage has been taken of the exemption available under FRS 1 (revised), "Cash flow statements", from the presentation of a cash flow statement

## 2 Turnover

	2006 £	2005 £
<b>Turnover by geographical destination</b>		
UK	12,701,871	12,567,533
Europe & Other	2,083,545	2,179,266
	<b>14,785,416</b>	<b>14,746,799</b>

## 3 Net operating expenses

	2006 £	2005 £
Decrease/(increase) in stock of finished goods	68,235	(187,301)
Other external charges - purchase of finished goods	14,133,514	14,351,135
Staff costs		
- wages and salaries	533,560	448,046
- social security costs	64,095	55,677
- other pension costs	30,856	29,800
Depreciation of tangible fixed assets	3,872	4,040
Other operating income	-	(137,060)
Other operating charges	322,040	284,608
	<b>15,156,172</b>	<b>14,848,945</b>

# Bemis Packaging UK Limited

## 4 Operating loss

	2006 £	2005 £
Operating loss is stated after charging		
Operating lease rentals - land and buildings	-	-
- other	40,741	58,994
Loss/(gain) on foreign exchange	9,567	8,823
Auditors' remuneration - audit services	13,500	12,000

## 5 Directors' emoluments

	2006 £	2005 £
Aggregate emoluments	-	-

No pension contributions were made by the company in respect of the director (2005 £nil)

## 6 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

	2006 Number	2005 Number
<b>By activity:</b>		
Selling and distribution	10	9
Administration	5	5
	15	14

## 7 Interest payable and similar charges

	2006 £	2005 £
Bank interest and charges	4,040	3,084
Other interest payable	-	40
	4,040	3,124

# Bemis Packaging UK Limited

## 8 Tax on profit/(loss) on ordinary activities

	2006 £	2005 £
<b>Current tax:</b>		
United Kingdom corporation tax at 30% (2005 30%)	-	-
(Over)/under provision in respect of prior years	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>

The tax for the year is different from the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £	2005 £
<b>Loss on ordinary activities before tax</b>	<b>(353,610)</b>	<b>(81,248)</b>
<b>Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)</b>	<b>(106,083)</b>	<b>(24,374)</b>
<b>Effects of</b>		
Expenses not deductible for tax purposes	13,500	7,200
Difference between capital allowances and depreciation	(1,824)	(2,386)
Group relief surrendered not paid	94,407	19,560
<b>Current tax credit for the period</b>	<b>-</b>	<b>-</b>

# Bemis Packaging UK Limited

## 9 Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2006	59,209	2,009	61,218
Additions	3,138	689	3,827
Disposals	(47,044)	(2,009)	(49,053)
<b>At 31 December 2006</b>	<b>15,303</b>	<b>689</b>	<b>15,992</b>
<b>Depreciation</b>			
At 1 January 2006	49,667	2,009	51,676
Charge for the year	3,803	69	3,872
Eliminated in respect of disposals	(47,044)	(2,009)	(49,053)
<b>At 31 December 2006</b>	<b>6,426</b>	<b>69</b>	<b>6,495</b>
<b>Net book value</b>			
<b>At 31 December 2006</b>	<b>8,877</b>	<b>620</b>	<b>9,497</b>
At 31 December 2005	9,542	-	9,542

## 10 Stock

	2006 £	2005 £
Finished goods purchased for resale	2,242,109	2,310,344

## 11 Debtors

	2006 £	2005 £
<b>Amounts falling due within one year</b>		
Trade debtors	3,200,299	2,770,346
Amounts due from group undertakings	-	377,964
Other debtors	-	678
Prepayments and accrued income	21,916	15,230
	<b>3,222,215</b>	<b>3,164,218</b>

# Bemis Packaging UK Limited

## 12 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	842,658	671,330
Amounts due to group undertakings	4,052,751	4,186,286
Other taxation and social security	391,465	252,920
Accruals and deferred income	205,768	207,828
	<b>5,492,642</b>	<b>5,318,364</b>

## 13 Deferred taxation

At 31 December 2006, the company had deferred tax assets as follows

	Amounts recognised 2006 £	Amounts not recognised 2006 £	Amounts recognised 2005 £	Amounts not recognised 2005 £
Difference between capital allowances and depreciation	-	6,108	-	7,931
	-	6,108	-	7,931

Deferred tax has been calculated at 30% (2005 30%), the standard rate of corporation tax in the UK at which any potential asset is likely to crystallise. The deferred tax asset as at 31 December 2006 of £6,108 (2005 £7,931) has not been recognised due to the uncertainty of future taxable profits against which it can be offset.

## 14 Called up share capital

	2006 £	2005 £
<b>Authorised</b>		
2,000,000 (2005 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000
<b>Allotted, called up and fully paid</b>		
1,902,510 (2005 1,902,510) ordinary shares of £1 each	1,902,510	1,902,510

# Bemis Packaging UK Limited

## 15 Profit and loss account

	£
At 1 January 2006	(1,034,359)
Loss for the financial year	(353,610)
<b>At 31 December 2006</b>	<b>(1,387,969)</b>

## 16 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Opening shareholders' funds	868,151	949,399
Loss for the financial year	(353,610)	(81,248)
<b>Closing shareholders' funds</b>	<b>514,541</b>	<b>868,151</b>

## 17 Pension obligations

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the fund. The pension charge for the year was £30,856 (2005: £29,800).

Included within accruals is £Nil (2005: £Nil) which represents pension contributions outstanding at 31 December 2006.

## 18 Financial commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Leases expiring				
Within one year	-	-	3,776	20,572
Within two to five years	-	-	12,929	10,497
	-	-	<b>16,705</b>	<b>31,069</b>

# **Bemis Packaging UK Limited**

## **19 Related party transactions**

As the company is a wholly owned subsidiary, and the consolidated financial statements of the ultimate parent undertaking are publicly available, the company has taken advantage of the exemption available under FRS 8, "Related Party Disclosures", not to disclose transactions with other members of the Bemis Company Inc group

## **20 Immediate and ultimate parent undertaking**

The ultimate controlling party, which is also the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member, is Bemis Company Inc , incorporated in the United States of America. Copies of the accounts can be obtained from Bemis Company Inc as follows

Bemis Company Inc  
222 South Ninth Street  
Minneapolis  
Minnesota 55402  
USA