

Alma Products Limited

**Directors' report and
financial statements**

Registered number 01665868

31 December 2000



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COMPANIES HOUSE 18/09/01

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activities of the company are the manufacture and marketing of plastic products, primarily multi and mono-layered sheet for the food industry. In addition, the company is involved in the use of recycled materials for non-food applications.

Business review

The food-packaging sector continues to be fiercely competitive with intense pricing pressure from our European competitors as a result of the continuing strength of sterling. This combined with frequent and significant raw material price increases made it difficult to penetrate new customers and markets and realise the substantial volume growth originally anticipated for the year 2000.

The longer-term development projects undertaken by the company to diversify in to non-food markets has started to come to fruition at the beginning of the current year, which makes us confident that we can achieve substantial volume growth in the current year.

Profits and dividend

The profit for the year ended 31 December 2000 after provision for taxation is £206,000 (1999: £291,000). A dividend of £Nil (1999: £450,000) has been paid.

Research and development

Research and development costs are charged as an expense in the financial period during which they are incurred, except for certain development costs which are capitalised as and when it is probable that a development project will be a success and certain criteria, including commercial and technological feasibility, have been met. Capitalisation ceases and amortisation begins when the product becomes available to customers. The amortisation period of these capitalised assets is from three to five years.

Directors and directors' interests

The directors who held office during the year were as follows:

H W Kessler
D Blundell
J S Dick
H R Wild

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. As the company is a wholly owned subsidiary of a body corporate incorporated outside Great Britain, any interests in shares or debentures of that body corporate or any other body corporate incorporated outside Great Britain are not disclosable to the company.

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D Blundell
Secretary

51-53 Brindley Road
Astmoor Industrial Estate
Runcorn
Cheshire
WA7 1PF

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Liverpool L3 1QH
United Kingdom

Report of the auditors to the members of Alma Products Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

11 April 2001

Profit and loss account
for the year ended 31 December 2000

	Note	2000	1999
		£000	£000
Turnover	2	9,184	7,507
Change in stocks of finished goods and work in progress		46	(22)
Own work capitalised		83	173
Other operating income		14	75
		<hr/>	<hr/>
		9,327	7,733
Raw materials and consumables		(6,263)	(4,723)
Staff costs	5	(1,057)	(992)
Depreciation and other amounts written off tangible and intangible fixed assets		(325)	(300)
Other operating charges		(1,359)	(1,291)
		<hr/>	<hr/>
		(9,004)	(7,306)
Operating profit		323	427
Other interest receivable and similar income	6	41	15
Interest payable and similar charges	7	(145)	(151)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	219	291
Tax on profit on ordinary activities	8	(13)	-
		<hr/>	<hr/>
Profit after taxation		206	291
Dividends paid	9	-	(450)
Retained profit brought forward		548	707
		<hr/>	<hr/>
Retained profit carried forward		754	548
		<hr/> <hr/>	<hr/> <hr/>

All turnover and operating profit are derived from continuing operations in both the current and preceding years.

The company has no recognised gains or losses other than the profit for the year.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000	1999
		£000	£000
Fixed assets			
Intangible assets	<i>10</i>	109	84
Tangible assets	<i>11</i>	2,434	2,581
		<u>2,543</u>	<u>2,665</u>
Current assets			
Stocks	<i>12</i>	338	348
Debtors	<i>13</i>	2,159	1,560
Cash at bank and in hand		137	56
		<u>2,634</u>	<u>1,964</u>
Creditors: amounts falling due within one year	<i>14</i>	<u>(2,716)</u>	<u>(2,181)</u>
Net current liabilities		(82)	(217)
Total assets less current liabilities		<u>2,461</u>	<u>2,448</u>
Creditors: amounts falling due after more than one year	<i>15</i>	(707)	(890)
Accruals and deferred income	<i>17</i>	-	(10)
Net assets		<u>1,754</u>	<u>1,548</u>
Capital and reserves			
Called up share capital	<i>18</i>	1,000	1,000
Profit and loss account	<i>19</i>	754	548
Equity shareholders' funds	<i>20</i>	<u>1,754</u>	<u>1,548</u>

These financial statements were approved by the board of directors on *3rd April 2001* and were signed on its behalf by:



D Blundell
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Plasticos Holding AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Plasticos Holding AG, within which this company is included, can be obtained from the address given in note 24.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2 - 20% per annum
Plant and machinery	-	10 - 33.3% per annum
Fixtures and fittings	-	20 - 33.3% per annum
Motor vehicles	-	25 - 50% per annum

No depreciation is provided on freehold land.

Foreign currencies

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

Notes (continued)

1 Accounting policies (continued)

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Assets purchased under hire purchase agreements are depreciated over the useful economic life of the asset.

Post-retirement benefits

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 against profits represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Research and development costs are charged as an expense in the financial period during which they are incurred, except for certain development costs which are capitalised as and when it is probable that a development project will be a success and certain criteria, including commercial and technological feasibility, have been met. Capitalisation ceases and amortisation begins when the product becomes available to customers. The amortisation period of these capitalised assets is from three to five years.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the actual cost is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes (continued)

2 Analysis of turnover

	2000 Turnover £000	1999 Turnover £000
<i>By geographical market</i>		
Sale of plastic products:		
United Kingdom	7,675	6,518
Overseas	1,509	989
	9,184	7,507
	9,184	7,507

3 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	11	11
Other services	3	6
Depreciation and other amounts written off tangible fixed assets:		
Owned	110	207
Leased	192	96
Exchange losses	-	42
Hire of plant and machinery - rentals payable under operating leases	23	19
Hire of other assets - operating leases	88	88
Research and development		
Current year expenditure	48	26
Amortisation of deferred expenditure	23	9
Management charges payable to parent company	209	219
<i>after crediting</i>		
Exchange gains	41	-
Amortisation of Government grants	10	12
Profit on sale of fixed assets	3	4
	41	-
	115	99

4 Remuneration of directors

	2000 £000	1999 £000
Directors' emoluments	103	88
Company contributions to money purchase schemes	12	11
	115	99
	115	99

Retirement benefits are accruing to 2 directors (1999: 2) under money purchase schemes.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Administration	7	7
Production	47	49
Sales	4	3
	<hr/>	<hr/>
	58	59
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	955	895
Social security costs	87	83
Other pension costs	15	14
	<hr/>	<hr/>
	1,057	992
	<hr/> <hr/>	<hr/> <hr/>

6 Other interest receivable and similar income

	2000	1999
	£000	£000
Receivable from group undertakings	-	15
Net exchange gains	41	-
	<hr/>	<hr/>
	41	15
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Interest payable and similar charges

	2000 £000	1999 £000
On bank loans and overdrafts	55	38
On all other loans	20	20
Net exchange losses	-	42
Finance charges payable in respect of finance leases and hire purchase contracts	70	51
	145	151
	145	151

Of the above amount £Nil (1999: £Nil) was payable to group undertakings.

8 Taxation

	2000 £000	1999 £000
UK corporation tax at 30% (1999: 20.25 %)	13	-
	13	-
	13	-

The nil tax charge in 1999 and the low tax charge in 2000 reflects the availability of past losses.

9 Dividends

	2000 £000	1999 £000
Equity shares: interim dividend paid	-	450
	-	450
	-	450

10 Intangible fixed assets

	Development costs £000
<i>Cost or valuation</i>	
At beginning of year	93
Additions	48
	141
<i>Depreciation</i>	
At beginning of year	9
Charge for year	23
	32
<i>Net book value</i>	
At 31 December 2000	109
	109
At 31 December 1999	84
	84
	84

Notes (continued)

11 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
<i>Cost or valuation</i>				
At beginning of year	483	4,615	64	5,162
Additions	-	121	34	155
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	483	4,736	98	5,317
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	138	2,412	31	2,581
Charge for year	8	290	4	302
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	146	2,702	35	2,883
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2000	337	2,034	63	2,434
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1999	345	2,203	33	2,581
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the total net book value of tangible fixed assets is £1,173,877 (1999: £1,304,055) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £191,701 (1999: £95,969).

Included within the cost of freehold land and buildings are depreciable assets of £433,000.

Notes (continued)

12 Stocks

	2000 £000	1999 £000
Raw materials and packaging	140	191
Finished goods and goods for resale	138	93
Engineering stocks and other consumables	60	64
	338	348
	338	348

Stocks include £22,000 (1999: £24,725) of goods which were not paid for at the balance sheet date and are covered by supplier's reservation of title clauses.

13 Debtors

	2000 £000	1999 £000
Trade debtors	1,520	934
Amounts owed by group undertakings	558	509
Other debtors	45	71
Prepayments and accrued income	36	46
	2,159	1,560
	2,159	1,560

14 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Mortgage loan (see note 15)	19	9
Bank loans and overdrafts	302	83
Obligations under finance leases and hire purchase contracts (see note 15)	154	213
Bank finance secured on trade debtors	462	434
Trade creditors	1,630	1,238
Amounts owed to group undertakings	3	135
Corporation tax	13	-
Taxation and social security	31	28
Other creditors	72	5
Accruals and deferred income	30	36
	2,716	2,181
	2,716	2,181

The bank overdraft facility is secured by a second legal charge on the freehold land and buildings of the company, and interest is charged at commercial rates.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	2000 £000	1999 £000
Mortgage loan	207	235
Obligations under finance leases and hire purchase contracts	500	655
	707	890
	707	890

Analysis of mortgage loan:

	2000 £000	1999 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	19	9
Between one and two years	21	10
Between two and five years	72	37
In five years or more	114	188
	226	244
	226	244

The mortgage loan is secured by first charge upon the freehold land and buildings and interest is charged at commercial rates. Repayment is being made over a 25 year term by equal monthly instalments which are adjusted every April for changes in the interest rate.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2000 £000	1999 £000
Within one year	154	213
In the second to fifth years	480	498
Over five years	20	157
	654	868
	654	868

Notes (continued)

16 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000		1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	-	314	-	268
Other timing differences	-	-	-	(31)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	314	-	237
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Accruals and deferred income

	2000 £000	1999 £000
Government grants		
At beginning of the period	10	22
Transfer to profit and loss account	(10)	(12)
	<hr/>	<hr/>
At end of year	-	10
	<hr/> <hr/>	<hr/> <hr/>

18 Called up share capital

	2000 £000	1999 £000
Authorised		
Equity: Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
Equity: Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

Notes (continued)

19 Reserves

	Profit and loss account £000
At beginning of year	548
Retained profit for the year	206
	754
At end of year	754

20 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Profit for the financial year	206	291
Dividends paid	-	(450)
	206	(159)
Net addition/(reduction) to shareholders' funds	206	(159)
Opening shareholders' funds	1,548	1,707
	1,754	1,548
Closing shareholders' funds	1,754	1,548

21 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2000 £000	1999 £000
Contracted	-	31
	-	31

(b) Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	3	-	-
In the second to fifth years inclusive	-	24	-	33
Over five years	88	-	88	-
	88	27	88	33
	88	27	88	33

Notes *(continued)*

22 Pension scheme

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 pension cost charge for the period represents contributions payable by the company to the fund and amounted to £12,300 (1999 :£10,800).

23 Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard No. 8 to avoid disclosing transactions and balances with group companies which would normally be eliminated on consolidation.

24 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Plasticos Holding AG, a company incorporated in Switzerland.

The largest group in which the results of the company are consolidated is that headed by Plasticos Holding AG. The consolidated accounts of this company are available to the public and may be obtained from Kolinplatz 2, 6300 Zug, Switzerland. No other group accounts include the results of the company. The directors of the company believe that HW Kessler is the ultimate controlling party by virtue of his holding in the share capital of the ultimate holding company.