

Registered no: 1665868

Alma Products Limited
Annual report
for the year ended 31 December 1996



Alma Products Limited

Annual report for the year ended 31 December 1996

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Alma Products Limited

Directors and advisers

Executive directors

H W Kessler

D Blundell

J S Dick

H R Wild

Secretary and registered office

D Blundell
51/53 Brindley Road
Astmoor Industrial Estate
Runcorn
Cheshire
WA7 1PS

Registered Auditors

Coopers & Lybrand
Abacus Court
6 Minshull Street
Manchester
M1 3ED

Bankers

The Royal Bank of Scotland PLC
38 Mosley Street
Manchester
M60 2BE

Solicitors

Mace & Jones
Drury House
19 Water Street
Liverpool
L2 0RP

Alma Products Limited

Directors' report for the year ended 31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activities and business review

The company's principal activities are the marketing and manufacturing of plastic products; multi-layered extruded sheet and injection moulded containers primarily for the food industry. In addition, the company is involved in the use of recycled materials in non-food areas. The directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The directors do not recommend the payment of a dividend. The profit for the year after taxation of £352,648 will be transferred to reserves (1995: profit £825,785).

Change in tangible fixed assets

Changes in tangible fixed assets are detailed in note 9 to the financial statements.

Directors

The directors of the company at 31 December 1996, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

Directors' interests in shares

None of the company directors at 31 December 1996 had any interests in the issued share capital of the company. The directors' interests in the parent company are disclosed in the accounts of that company.

Alma Products Limited

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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to 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 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.

By order of the board



D Blundell
Company Secretary

[Date] 30 May 1997

Report of the auditors to the members of Alma Products Limited

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

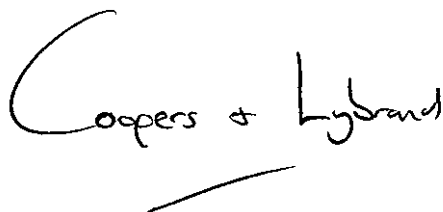
Basis of opinion

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 at 31 December 1996 and of its profit and cash flows for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "Coopers & Lybrand". The signature is written in dark ink and is positioned above a horizontal line.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester

[Date]

30 May 1997

Alma Products Limited

Profit and loss account for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	11,468,608	11,826,218
Cost of sales		10,020,559	10,073,779
Gross profit		1,448,049	1,752,439
Warehouse and distribution costs		294,432	201,838
Administrative expenses		636,684	557,352
Operating profit	4	516,933	993,249
Interest payable	7	124,285	167,464
Profit on ordinary activities before taxation		392,648	825,785
Taxation	8	40,000	-
Retained profit for the year	20	352,648	825,785

Operating profits are derived entirely from continuing operations.

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

Alma Products Limited

Note of historical cost profits and losses

	1996 £	1995 £
Reported profit on ordinary activities before taxation	392,648	825,785
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	8,853	8,852
Historical cost profit on ordinary activities before taxation	401,501	834,637
Historical cost profit for the year retained after taxation	361,501	834,637

Alma Products Limited

Balance sheet at 31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	9	<u>2,341,276</u>	<u>2,229,388</u>
Current assets			
Stocks	10	632,787	498,955
Debtors	11	982,148	1,171,379
Cash at bank and in hand		<u>101,137</u>	<u>217,424</u>
		<u>1,716,072</u>	<u>1,887,758</u>
Creditors: amounts falling due within one year	12	<u>2,126,604</u>	<u>2,413,954</u>
Net current liabilities		<u>(410,532)</u>	<u>(526,196)</u>
Total assets less current liabilities		<u>1,930,744</u>	<u>1,703,192</u>
Creditors: amounts falling due after more than one year			
Deferred income - government grants	13	266,795	374,669
	14	46,000	63,222
Net assets		<u><u>1,617,949</u></u>	<u><u>1,265,301</u></u>
Capital and reserves			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account	18	403,394	41,893
Revaluation reserve	18	<u>214,555</u>	<u>223,408</u>
Equity shareholders' funds		<u><u>1,617,949</u></u>	<u><u>1,265,301</u></u>

The financial statements on pages 5 to 19 were approved by the board of directors on 30/5/97 and signed on its behalf by:

D Blundell

D Blundell
Director

Alma Products Limited

Cash flow statement for the year ended 31 December 1996

	Notes	1996 £	1995 £
Net cash inflow from operating activities	19	735,882	1,461,377
Returns on investments and servicing of finance			
Interest paid on mortgage		(26,372)	(29,910)
Interest paid on loans and overdrafts		(44,704)	(56,979)
Interest paid on finance lease and hire purchase agreements		(53,209)	(80,575)
Net cash outflow from returns on investments and servicing of finance		(124,285)	(167,464)
Investing activities			
Purchase of tangible fixed assets		(556,097)	(947,213)
Sale of tangible fixed assets		-	3,100
Net cash outflow from investing activities		(556,097)	(944,113)
Net cash inflow before financing		55,500	349,800
Financing			
Bank loan		-	20,000
Repayment of mortgage		(9,629)	(6,090)
Repayment of bank loan		(9,815)	(1,665)
Repayment of principal under finance leases and hire purchase contracts		(152,343)	(163,268)
Net cash outflow from financing	22	(171,787)	(151,023)
Decrease in cash	21	(116,287)	198,777

Alma Products Limited

Notes to the financial statements for the year ended 31 December 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of certain tangible fixed assets.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost or revalued amount less depreciation.

Depreciation is charged on a straight line basis at the following principal annual rates:

Land and buildings	2 - 10% on cost
Plant and machinery	10 - 20% on cost
Fixtures and fittings	20 - 33.3% on cost
Motor vehicles	25 - 50% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is the actual cost of materials, and in the case of finished goods, all relevant direct expenditure and production overheads incurred in bringing products to their present location and condition.

Deferred taxation

The company provides for deferred taxation on the liability method where it is likely that a liability will arise in the foreseeable future.

Government grants

Government grants received that relate to specific capital expenditure are credited to profit and loss account over the estimated useful lives of the assets to which they relate. Other grants are credited to the profit and loss account when received.

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Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling using the rate of exchange at the balance sheet date or, where appropriate, the rate of exchange fixed under the terms of the relevant transaction. Transactions in foreign currencies are translated into sterling using the monthly average rate at the date of the transaction. Differences on translation are written-off to the profit and loss account.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the leased assets. The corresponding leasing commitments are shown as obligations to the lessor. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful life of equivalent owned assets. Assets purchased under hire purchase agreements are depreciated over the useful economic life of the asset.

Turnover

Turnover represents the value of goods and services supplied to customers during the year, exclusive of value added tax.

Pension costs

The company operates a defined contribution pension scheme. Pension costs charged to the profit and loss account represent contributions payable by the company in the year.

2 Turnover

	1996	1995
	£	£
Geographical market supplied		
Sale of plastic products:		
In the UK	9,745,997	10,533,672
Overseas	1,722,611	1,292,546
	<u>11,468,608</u>	<u>11,826,218</u>

As it is not possible to accurately allocate shared costs as between the markets supplied, the profit before taxation split by geographical market has not been given.

3 Administrative expenses

Administrative expenses include £204,588 (1995: £215,206) in respect of management charges payable to the parent undertaking.

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4 Operating profit

	1996	1995
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation charge for the year:		
Tangible owned fixed assets	330,425	247,214
Tangible fixed assets held under finance leases and hire purchase agreements	113,784	188,987
Interest payable on finance lease and hire purchase agreements	40,577	80,575
Auditors' remuneration	10,500	10,500
Government grant released	(32,222)	(85,229)
Hire of plant and equipment	5,682	4,624
(Profit)/loss on asset disposal	-	(1,340)
Exchange (gain)/loss	(22,962)	(854)
Bad debt charge	35,851	9,622
	<u> </u>	<u> </u>

Fees charged by the auditor of the company for non-audit services in 1996 were £7,850 (1995: £7,950).

5 Directors' emoluments

	1996	1995
	£	£
Emoluments (including pension contributions)	91,125	104,062
	<u> </u>	<u> </u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1996	1995
	£	£
The chairman	-	-
	<u> </u>	<u> </u>
The highest-paid director	41,159	48,056
	<u> </u>	<u> </u>

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The number of directors (including the chairman and the highest-paid director) who received emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£0 to £5,000	2	2
£25,001 to £30,000	-	-
£30,001 to £35,000	-	-
£35,001 to £40,000	1	-
£40,001 to £45,000	1	-
£45,001 to £50,000	-	2

6 Employee information

The average number of persons employed by the company, including directors, were as follows:

	1996 Number	1995 Number
Administration	6	6
Production	53	49
Sales	2	2
	<u>61</u>	<u>57</u>

Staff costs for the above persons

	£	£
Wages and salaries	914,449	773,333
Social security	88,016	72,974
Other pension costs	10,050	8,355
	<u>1,012,515</u>	<u>854,662</u>

7 Interest payable

	1996 £	1995 £
On overdrafts and other loans:		
Repayable within five years, not by instalments	44,704	52,923
Repayable within five years, by instalments	53,209	84,631
Repayable wholly or in part in more than five years	26,372	29,910
	<u>124,285</u>	<u>167,464</u>

Interest payable includes £11,543 (1995: £3,839) payable to the parent undertaking.

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8 Taxation

	1996	1995
	£	£
United Kingdom corporation tax at 25%:		
Current	<u>40,000</u>	<u>-</u>

9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 1996	671,942	3,741,297	31,181	22,347	4,466,767
Additions	36,305	502,780	17,012	-	556,097
Disposals	-	-	-	-	-
At 31 December 1996	<u>708,247</u>	<u>4,244,077</u>	<u>48,193</u>	<u>22,347</u>	<u>5,022,864</u>
Depreciation					
At 1 January 1996	70,899	2,135,317	24,335	6,828	2,237,379
Charge for the year	23,720	405,476	7,564	7,449	444,209
Eliminated on disposal	-	-	-	-	-
At 31 December 1996	<u>94,619</u>	<u>2,540,793</u>	<u>31,899</u>	<u>14,277</u>	<u>2,681,588</u>
Net book value					
At 31 December 1996	<u>613,128</u>	<u>1,703,284</u>	<u>16,294</u>	<u>8,070</u>	<u>2,341,276</u>
Net book value at 31 December 1995	<u>601,043</u>	<u>1,605,980</u>	<u>6,846</u>	<u>15,519</u>	<u>2,229,388</u>

The net book value of tangible fixed assets includes an amount of £285,081 (1995: £406,444) in respect of finance leases and hire purchase contracts.

Freehold land and buildings were professionally revalued on the basis of an open market valuation for existing use at 31 December 1991.

	Freehold land and buildings
	£
Cost or valuation at 31 December 1996 is represented by	
Cost	473,245
Valuation in 1989	185,002
Valuation in 1991	50,000
	<u>708,247</u>

Alma Products Limited

If land and buildings had not been revalued, they would have been included at the following amounts:

	1996 £	1995 £
Cost	473,244	436,940
Aggregate depreciation on cost	(74,171)	(59,305)
Net book value	<u>399,073</u>	<u>377,635</u>

10 Stocks

	1996 £	1995 £
Stocks comprise		
Raw materials and packaging	552,673	449,545
Finished goods	80,114	49,410
	<u>632,787</u>	<u>498,955</u>

Stocks include £35,470 (1995: £50,290) of goods which were not paid for at the balance sheet date and are covered by supplier's reservation of title clauses.

11 Debtors

	1996 £	1995 £
Amounts falling due within one year		
Trade debtors	893,819	1,059,376
Other debtors	58,393	80,343
Prepayments	29,936	31,660
	<u>982,148</u>	<u>1,171,379</u>

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12 Creditors: amounts falling due within one year

	1996	1995
	£	£
Mortgage loan	9,500	6,270
Bank loan	8,520	9,696
Bank overdraft	14,887	-
Bank finance secured on trade debtors	578,504	328,856
Trade creditors	941,240	1,304,778
Other creditors	65,657	96,165
Obligations under finance leases and hire purchase contracts	86,376	152,343
Other creditors including taxation and social security payable	52,575	51,450
Amounts due to group undertakings	264,644	354,438
Accruals and deferred income	64,701	109,958
Corporation tax	40,000	-
	<u>2,126,604</u>	<u>2,413,954</u>

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

The bank loan represents a loan from Cheshire County Council under the Seedcorn Capital Assistance Scheme. The loan is administered by Barclays Bank Plc, interest being charged at 2% above the variable base rate.

13 Creditors: amounts falling due after more than one year

	1996	1995
	£	£
Mortgage loan	266,795	279,654
Bank loan	-	8,639
Obligations under finance leases and hire purchase contracts	-	86,376
	<u>266,795</u>	<u>374,669</u>

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.

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Bank and mortgage loans

	1996	1995
	£	£
Repayable as follows:		
In under one year	18,020	17,233
Between one and two years	9,975	16,974
Between two and five years	33,020	30,398
In five years or more	223,800	239,653
	<u>284,815</u>	<u>304,258</u>

Finance leases

The future minimum finance lease payments to which the company is committed are:

	1996	1995
	£	£
In under one year	86,376	152,344
Between one and two years	-	86,376
Between two and five years	-	-
	<u>86,376</u>	<u>238,720</u>

14 Deferred income - government grants

	1996	1995
	£	£
At 1 January 1995	63,222	103,451
Receivable	15,000	45,000
Transfer to profit and loss account	(32,222)	(85,229)
	<u>46,000</u>	<u>63,222</u>

15 Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1996	1995	1996	1995
	£	£	£	£
Tax effect of timing differences because of:				
Tax allowances over depreciation	-	-	66,938	13,447
Losses	-	-	-	(13,447)
	<u>-</u>	<u>-</u>	<u>66,938</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax effect of timing differences because of revaluation of land and buildings			-	-
			<u>-</u>	<u>-</u>

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16 Pension and similar obligations

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 represents contributions payable by the company to the fund and amounted to £10,050.

17 Called up share capital

	1996 £	1995 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

18 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 1995	223,408	41,893
Retained profit for the year	-	352,648
Transferred to profit and loss	(8,853)	8,853
At 31 December 1996	<u>214,555</u>	<u>403,394</u>

19 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	516,933	993,249
Depreciation on tangible fixed assets	444,209	436,201
(Gain)/loss on sale of tangible fixed assets	-	(1,340)
Government grant released	(32,222)	(85,229)
Stocks	(133,832)	(94,657)
Debtors	204,231	(439,863)
Trade creditors	(99,003)	349,979
Amounts owed to group undertakings	(89,794)	263,752
Other creditors, accruals, taxation and social security	(74,640)	39,285
Net cash inflow from operating activities	<u>735,882</u>	<u>1,461,377</u>

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20 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year and net addition to shareholders' funds	352,648	825,785
Opening shareholders' funds	1,265,301	439,516
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>1,617,949</u>	<u>1,265,301</u>

21 Cash and cash equivalents

	1996 £	1995 £
Changes during the year		
At 1 January 1996	217,424	18,647
Net cash (outflow)/inflow	(116,287)	198,777
	<u> </u>	<u> </u>
At 31 December 1996	<u>101,137</u>	<u>217,424</u>

Analysis of balances

	1996 £	1995 £	Change in year £
Cash in hand	167	82	85
Cash at bank	100,970	217,342	(116,372)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	<u>101,137</u>	<u>217,424</u>	<u>(116,287)</u>

22 Analysis of changes in financing during the year

	Loans, hire purchase and finance lease obligations £
At 1 January 1996	542,978
Received bank loan	-
Loan repayments	(9,815)
Repayment of principal on finance lease and hire purchase	(152,343)
Repayment of mortgage	(9,629)
	<u> </u>
At 31 December 1996	<u>371,191</u>

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23 Other financial commitments

The company has the following annual commitments under non-cancellable operating leases:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	-	-	-
Expiring between two and five years	-	-	-	-
Expiring in over five years	87,860	-	87,860	-
	<u>87,869</u>	<u>-</u>	<u>87,860</u>	<u>-</u>

24 Ultimate and immediate parent undertaking

The company's immediate parent undertaking at 31 December 1996 was Plasticos Holding AG, a company incorporated in Switzerland and whose registered office is Kolinplatz 2, 6300 Zug, Switzerland. Members of the public may request a copy of the financial statements of Plasticos Holding AG from the above address. The directors of the company believe that H W Kessler is the ultimate controlling party.