

Alma Products Limited

Directors' report and
financial statements

Registered number 01665868

31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

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 directors remain of the opinion that the trading future will remain as difficult as in previous years in terms of price level and competition. It is anticipated that raw material costs will escalate over the coming 12 months and all efforts will have to be made to maintain margins whilst at the same time improving volume and remaining competitive.

A successful outcome of the above will assist significantly towards achieving the Director's targeted predictions of what is considered a generous and ambitious growth throughout the next 12-18 months. The diversification of the business continues to make advances thus providing the continuing confidence for the future.

Profits and dividend

The profit for the year ended 31 December 2002 after provision for taxation is £201,000 (2001:£271,000). A dividend of £nil (2001: £525,000) 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

KPMG were reappointed auditors at the last annual general meeting. However, since that date their audit practice was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors and the directors thereupon appointed KPMG LLP to fill the vacancy arising. In accordance with Section 384 a resolution for the reappointment of KPMG LLP 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.



8 Princes Parade
Liverpool L3 1QH
United Kingdom

Independent auditors' report to the members of Alma Products Limited

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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 1985. 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditors

9 May 2003

Profit and loss account
for the year ended 31 December 2002

	Note	2002 £000	2001 £000
Turnover	2	8,762	8,686
Change in stocks of finished goods and work in progress		33	32
Own work capitalised		-	19
Other operating income		25	17
		8,820	8,754
Raw materials and consumables		(5,880)	(5,395)
Staff costs	5	(1,041)	(1,079)
Depreciation and other amounts written off tangible and intangible fixed assets		(317)	(423)
Other operating charges		(1,284)	(1,302)
		(8,522)	(8,199)
Operating profit		298	555
Other interest receivable and similar income	6	41	-
Interest payable and similar charges	7	(93)	(164)
		246	391
Profit on ordinary activities before taxation	3	246	391
Tax on profit on ordinary activities	8	(45)	(120)
		201	271
Profit after taxation		201	271
Dividends	9	-	(525)
		201	(254)
Retained profit/(loss) for the year		201	(254)
Retained profit brought forward		163	417
		364	163
Retained profit carried forward		364	163

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 2002

	Note	2002	2001
		£000	£000
Fixed assets			
Intangible assets	10	41	84
Tangible assets	11	2,714	2,496
		<u>2,755</u>	<u>2,580</u>
Current assets			
Stocks	12	465	407
Debtors	13	2,188	1,922
Cash at bank and in hand		171	1
		<u>2,824</u>	<u>2,330</u>
Creditors: amounts falling due within one year	14	<u>(3,014)</u>	<u>(2,697)</u>
Net current liabilities		<u>(190)</u>	<u>(367)</u>
Total assets less current liabilities		<u>2,565</u>	<u>2,213</u>
Creditors: amounts falling due after more than one year	15	(846)	(710)
Accruals and deferred income		-	-
Provisions for liabilities and charges	16	(355)	(340)
		<u>1,364</u>	<u>1,163</u>
Net assets		<u>1,364</u>	<u>1,163</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account	18	364	163
		<u>1,364</u>	<u>1,163</u>
Equity shareholders' funds	19	<u>1,364</u>	<u>1,163</u>

These financial statements were approved by the board of directors on 26 MARCH 2003 and were signed on its behalf by:

D Blundell

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 except as noted below. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these 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 23.

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.

Costs include directly attributable finance costs.

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. Full provision is made for deferred tax under Financial Reporting Standard 19 "Deferred Tax".

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

	2002 Turnover £000	2001 Turnover £000
<i>By geographical market</i>		
Sale of plastic products:		
United Kingdom - external sales	6,960	6,700
Overseas - external sales	1,055	1,077
Overseas - intragroup sales	747	909
	8,762	8,686
	8,762	8,686

3 Profit on ordinary activities before taxation

	2002 £000	2001 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	12	11
Other services	4	6
Depreciation and other amounts written off tangible fixed assets:		
Owned	147	185
Leased	127	195
Exchange losses	-	37
Hire of plant and machinery - rentals payable under operating leases	40	23
Hire of other assets - operating leases	88	88
Research and development		
Current year expenditure	-	19
Amortisation of deferred expenditure	44	43
Management charges payable to parent company	229	218
<i>after crediting</i>		
Exchange gains	41	-
	41	-
	41	-

4 Remuneration of directors

	2002 £000	2001 £000
Directors' emoluments	120	114
Company contributions to money purchase schemes	14	12
	134	126
	134	126

Retirement benefits are accruing to 2 directors (2001: 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	
	2002	2001
Administration	7	7
Production	42	46
Sales	3	4
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	52	57
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	940	967
Social security costs	83	90
Other pension costs	18	22
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	1,041	1,079
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

6 Other interest receivable and similar income

	2002	2001
	£000	£000
Net exchange gains	41	-
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

Notes (continued)

7 Interest payable and similar charges

	2002 £000	2001 £000
On bank loans and overdrafts	45	72
Net exchange losses	-	37
Finance charges payable in respect of finance leases and hire purchase contracts	48	55
	93	164
	93	164

8 Taxation

	2002 £000	2001 As restated £000
Current tax		
UK corporation tax at 30% (2001: 30%)	15	122
Adjustment in respect of prior periods	15	(5)
	30	117
Deferred tax		
Origination and reversal of timing differences	60	3
Adjustment in respect of prior periods	(45)	-
	45	120
	45	120

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £000	2001 £000
Profit on ordinary activities before tax	246	391
	246	391
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	74	118
Effects of:		
Expenses not deductible for tax purposes	5	10
Capital allowances for year in excess of depreciation	(45)	(6)
Provisions adjustment	(16)	-
Adjustments in tax in respect of previous periods	15	(5)
Small companies relief	(3)	-
	30	117
Current tax charge for period	30	117

Notes (continued)

9 Dividends

	2002 £000	2001 £000
Final dividend paid	-	525

10 Intangible fixed assets

	Development costs £000
<i>Cost or valuation</i>	
At beginning of year	159
Additions	-
At end of year	159
<i>Amortisation</i>	
At beginning of year	75
Charge for year	43
At end of year	118
<i>Net book value</i>	
At 31 December 2002	41
At 31 December 2001	84

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	5,177	99	5,759
Additions	3	485	4	492
Disposals	-	(516)	(3)	(519)
At end of year	486	5,146	100	5,732
<i>Depreciation</i>				
At beginning of year	155	3,055	53	3,263
Charge for year	15	236	23	274
Disposals	-	(516)	(3)	(519)
At end of year	170	2,775	73	3,018
<i>Net book value</i>				
At 31 December 2002	316	2,371	27	2,714
At 31 December 2001	328	2,122	46	2,496

Included in the total net book value of tangible fixed assets is £1,574,038 (2001: £1,279,113) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £126,802 (2001: £194,764).

Included within the cost of freehold land and buildings are depreciable assets of £436,444 (2001: £432,594).

The amount of finance costs capitalised during the year is £12,960.

Notes (continued)

12 Stocks

	2002 £000	2001 £000
Raw materials and packaging	216	185
Finished goods and goods for resale	197	170
Engineering stocks and other consumables	52	52
	465	407
	465	407

13 Debtors

	2002 £000	2001 £000
Trade debtors	1,193	1,166
Amounts owed by group undertakings	615	699
Other debtors	37	39
Prepayments and accrued income	343	18
	2,188	1,922
	2,188	1,922

14 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Mortgage loan (see note 15)	26	26
Bank loans and overdrafts	192	46
Obligations under finance leases and hire purchase contracts (see note 15)	237	210
Bank finance secured on trade debtors	570	532
Trade creditors	1,670	1,579
Amounts owed to group undertakings	44	19
Corporation tax	116	122
Taxation and social security	52	45
Other creditors	7	32
Accruals and deferred income	100	86
	3,014	2,697
	3,014	2,697

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

	2002 £000	2001 £000
Mortgage loan	155	179
Obligations under finance leases and hire purchase contracts	365	531
Amounts owed to group undertakings	326	-
	846	710
	846	710

Analysis of mortgage loan:

	2002 £000	2001 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	26	26
Between one and two years	27	27
Between two and five years	93	91
In five years or more	35	61
	181	205
	181	205

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:

	2002 £000	2001 £000
Within one year	237	210
In the second to fifth years	365	531
Over five years	-	-
	602	741
	602	741

Notes (continued)

16 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	340
Charge to the profit and loss account in year	15
	355
At end of year	355

The amounts provided for deferred taxation are set out below:

	2002 £000	2001 £000
Difference between accumulated depreciation and Amortisation and capital allowances	371	356
Other timing differences	(16)	(16)
	355	340
At end of year	355	340

17 Called up share capital

	2002 £000	2001 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
	1,000	1,000
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

Notes (continued)

18 Reserves

	2002 £000	2001 £000
Retained reserves at the beginning of the year	163	417
Retained profit/(loss) for year	201	(254)
At end of year	364	163

19 Reconciliation of movements in shareholders' funds

	2002 £000		2001 £000
Opening shareholders' funds	1,163		1,417
Profit for the financial year	201		
Dividends	-	271 (525)	
Net addition/(reduction in) to shareholders' funds	201		(254)
Closing shareholders' funds	1,364		1,163

20 Commitments

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

	2002 £000	2001 £000
Contracted	-	56

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

	2002		2001	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	4	-	9
In the second to fifth years inclusive	-	30	-	21
Over five years	88	-	88	-
	88	34	88	30

Notes *(continued)*

21 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 £18,275 (2001:£21,500).

22 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.

23 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.