

LINPAC Packaging China Holdings Limited
Annual report and financial statements
for the year ended 31 December 2014

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LINPAC Packaging China Holdings Limited

Annual report and financial statements for the year ended 31 December 2014

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LINPAC Packaging China Holdings Limited

Officers and advisors

Directors

M P Nicholls

Company secretary

S E Joseph

Registered office

Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

LINPAC Packaging China Holdings Limited

Strategic Report for the year ended 31 December 2014

The directors present the Strategic Report together with the audited financial statements of the company for the year ended 31 December 2014.

Principal activities and business review

The principal activity of the company is to hold investments.

The profit for the financial year ended 31 December 2014 amounts to £102,000 (2013: loss of £57,000). No dividend was paid during the year (2013: £nil). The company had net liabilities at 31 December 2014 of £99,000 (2013: £201,000).

The directors consider the future performance of the company will remain consistent.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest rate risk.

Liquidity risk and interest rate risk are managed at Group level (see note 12). The Group's policies in respect of liquidity risk and interest rate risk are discussed in the Directors' Report of the LINPAC Senior Holdings Limited's annual financial statements which does not form part of this report.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board



S E Joseph
Company Secretary
20 April 2015

LINPAC Packaging China Holdings Limited

Directors' report for the year ended 31 December 2014

The directors present the Directors' Report together with the audited financial statements for the year ended 31 December 2014.

Directors

The names of the present directors of the company are set out on page 1. The directors who have held office during the year and up to the date of signing the financial statements, unless otherwise stated, are given below:

D Meldram (resigned 30 September 2014)

M P Nicholls

C W Horton (resigned 31 March 2015)

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 prepared 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved,

a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken 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.

Going concern

The directors of the company's ultimate parent company, LINPAC Senior Holdings Limited ("The Group"), have indicated to the directors of the company, in writing, that it is their present intention to continue to support the company to enable it to meet its obligations as and when they fall due and the financial statements have therefore been prepared on a going concern basis.

LINPAC Packaging China Holdings Limited

Directors' report for the year ended 31 December 2014 (continued)

Future outlook

Whilst it is expected that the markets in which the Group trades will remain difficult, actions taken over the last 12 months to introduce new products and reduce costs have placed the Group in a good position to develop and grow over the next 12, and to take advantage of any upturn in underlying demand.

Resin cost volatility will remain a challenge, but improved controls over recovery of cost increases have made the business more resilient to resin cost increases than in the past.

The Group continues to manage its cost base in relation to volume and margin, and to manage capital investment to achieve efficiency and product innovation objectives at lowest cost and within its borrowing facilities. It is expected that there will be further expansion of operations overseas during 2015, following the completion of a plant in Belarus to supply the Russian and Eastern markets in 2014, which will include a second plant in Australia. There will also be further innovation and new product development covering a number of different areas as the Group increases its exposure to food packaging markets outside of the core protein and produce markets, and develops products with greater functionality to meet customer needs in its core markets.

Financial risk management

Management of the Group and the execution of its strategy are subject to a number of financial risks, including currency risk, credit risk, interest rate risk, and liquidity risk. These are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. This risk management process is carried out at a strategic and at an operational level, covering all primary disciplines within the Group's significant businesses.

Currency risk

The Group has many overseas operations that are exposed to foreign exchange risk. The most significant currency in this respect is the Euro. To mitigate this risk, part of the Group's borrowings are denominated in Euros. In addition, where considered appropriate, the Group uses forward contracts or short term currency balances to hedge any significant foreign currency transactional risks.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made, in addition to regular on-going reviews for established customers. The Group has credit insurance against non-recovery of receivables in most of the territories in which it operates.

Interest rate risk

The Group's interest rate risk principally arises from the cost flexing where interest is subject to variable rates dependent on the LIBOR (or equivalent applicable to the currency denomination). Following the significant reduction in the net debt of the Group, this interest rate risk is similarly reduced.

Liquidity risk

By the use of established short term and longer term forecasting processes, the Group ensures that sufficient committed facilities are in place to meet the requirements of the business. This takes into account cash flows from operations and the Group's holdings of cash and cash equivalents. Sufficient liquidity headroom exists to meet current forecast requirements.

LINPAC Packaging China Holdings Limited

Directors' report for the year ended 31 December 2014 (continued)

Political and charitable donations

The company made no political or charitable donations during the year (2013: £nil).

Independent auditors

PricewaterhouseCoopers LLP have signified their willingness to continue in office and a resolution concerning their re-appointment will be submitted at the Annual General Meeting.

Company registration number

Registered number: 05972505

On behalf of the Board



S E Joseph
Company Secretary

20 April 2015

LINPAC Packaging China Holdings Limited

Independent auditors' report to the members of LINPAC Packaging China Holdings Limited

Report on the financial statements

Our 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 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by LINPAC Packaging China Holdings Limited, comprise:

- Balance Sheet as at 31 December 2014;
- Profit and Loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report and Financial Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LINPAC Packaging China Holdings Limited

Independent auditors' report to the members of LINPAC Packaging China Holdings Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

20 April 2015

LINPAC Packaging China Holdings Limited

Profit and loss account for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Administrative expenses		-	(4)
Other operating income		10	-
Operating profit/(loss)	3	10	(4)
Interest receivable and similar income	4	264	279
Interest payable and similar charges	4	(130)	(279)
Profit/(loss) on ordinary activities before taxation		144	(4)
Tax on profit/(loss) on ordinary activities	5	(42)	(53)
Profit/(loss) for the financial year	10	102	(57)

All items dealt with in arriving at the results above relate to continuing operations.

There are no recognised gains and losses other than the results presented above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit/(loss) on ordinary activities before taxation and their historical cost equivalents.

LINPAC Packaging China Holdings Limited

Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	6	3,931	3,931
Current assets			
Debtors	7	3,758	3,873
Creditors: amounts falling due within one year	8	(7,788)	(8,005)
Net current liabilities		(4,030)	(4,132)
Total assets less current liabilities		(99)	(201)
Net liabilities		(99)	(201)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(99)	(201)
Total shareholders' deficit	11	(99)	(201)

The financial statements on pages 8 to 14 were approved by the board of Directors on 20 April 2015 and were signed on its behalf by:



M P Nicholls
Director
20 April 2015

LINPAC Packaging China Holdings Limited

Notes to the financial statements for the year ended 31 December 2014

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 for both the current and prior years.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below:

Going concern basis

The directors of the company's ultimate parent company, LINPAC Senior Holdings Limited, have indicated to the directors of the company, in writing, that it is their present intention to continue to support the company to enable it to meet its obligations as and when they fall due and the financial statements have therefore been prepared on a going concern basis.

Consolidation

As provided by Section 400 of the Companies Act 2006, the company is exempt from the requirement to prepare group financial statements because it is a subsidiary of LINPAC Senior Holdings Limited and that company has drawn up consolidated financial statements which include the financial statements of the company.

Fixed asset investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provision for impairment. Impairment reviews are performed by the directors where there has been an indication of potential impairment, such as producing a loss in the financial year under review and where that loss is forecast to continue.

Foreign currencies

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date. All differences are taken to the profit and loss account in the year in which they arise.

Related party transactions

The company is a wholly-owned subsidiary of LINPAC Senior Holdings Limited, and is included in the consolidated financial statements of LINPAC Senior Holdings Limited, which are publicly available (see note 12). Consequently, the company has taken advantage of the exemption under the terms of FRS 8 'Related Party Transactions' and has therefore not disclosed transactions or balances with entities that form part of the Group.

Cash flow statement

Under FRS 1 (revised 1996) 'Cash flow statement', 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 (see note 12).

LINPAC Packaging China Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of profit and loss that are taxable or deductible in other years and it further excludes items which are not taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Directors and employee information

The company has no employees (2013: none) and 1 Director (2013: 3). None of the directors received any remuneration for their services to the company (2013: £nil). Their costs are borne by fellow Group undertakings.

3 Operating profit/(loss)

Fees payable to the company's auditors for the audit of the company's financial statements of £3,500 (2013: £3,500) have been borne by the parent company, LINPAC Packaging Limited and not recharged.

4 Interest receivable and interest payable

	2014	2013
	£'000	£'000
<hr/>		
Interest receivable and similar income		
Group loans	264	279
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Interest payable and similar charges		
Group loans	(130)	(279)
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LINPAC Packaging China Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Tax on profit/(loss) on ordinary activities

(a) UK tax charge for the year

	2014	2013
	£'000	£'000
Current tax		
UK corporation tax on profit/(loss) for the year	(42)	(44)
Adjustments in respect of previous years	-	(9)
Total tax on profit/(loss) on ordinary activities	(42)	(53)

(b) Factors affecting tax charge for the year

The current tax charge for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The tax charge is explained below:

	2014	2013
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	144	(4)
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax at 21.50% (2013: 23.25%)	31	(1)
Other taxes not recoverable	42	44
Non-taxable income	-	(10)
Transfer pricing adjustment	(33)	-
Group relief claimed not paid for	2	11
Adjustments in respect of previous years	-	9
Total current tax charge	42	53

There was no unprovided deferred tax at the year end (2013: £nil).

(c) Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

LINPAC Packaging China Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Fixed asset investments

The subsidiary company investments are as follows:

	Total £'000
Cost and net book amount	
At 1 January and 31 December 2014	3,931

Investments are held in LINPAC Packaging (Changzhou) Co. Limited, a company incorporated in China and wholly owned by LINPAC Packaging China Holdings Limited, with only one class of issued share. The principal activities of the subsidiary company are the manufacture and marketing of food packaging for fresh and chilled foods, catering and food service applications. The directors consider the value of the investments to be supported by their underlying assets and cash flows generated by ongoing operations.

7 Debtors

	2014 £'000	2013 £'000
Amounts owed by group undertakings	170	69
Group loans	3,588	3,804
	3,758	3,873

Amounts owed by group undertakings are unsecured, non-interest bearing and have no fixed date of repayment whereas group loans are unsecured, with interest charged at a combination of fixed rate and floating rate of a margin above LIBOR.

8 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	293	294
Group loans	7,484	7,701
Corporation tax	11	10
	7,788	8,005

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed date of repayment whereas group loans are unsecured, interest charged at a combination of fixed rate and floating rate of a margin above LIBOR. There is no fixed date of repayment for the group loans.

LINPAC Packaging China Holdings Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9 Called up share capital

	2014	2013
	£'000	£'000
Allotted and fully paid – 2 (2013: 2) ordinary shares of £1 each	-	-

10 Profit and loss account

	£'000
At 1 January 2014	(201)
Profit for the financial year	102
At 31 December 2014	(99)

11 Reconciliation of movements in shareholders' deficit

	2014	2013
	£'000	£'000
Opening shareholders' deficit	(201)	(144)
Profit/(loss) for the financial year	102	(57)
Closing shareholders' deficit	(99)	(201)

12 Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is LINPAC Senior Holdings Limited, a company incorporated in the United Kingdom. The Company's ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2014 they manage funds holding 83.33% of the equity.

LINPAC Senior Holdings Limited is the parent undertaking of the largest and only group to consolidate these financial statements.

Copies of LINPAC Senior Holdings Limited's consolidated financial statements can be obtained from the Company Secretary at Linpac Wakefield Road, Featherstone, Pontefract WF7 5DE.

The Company's immediate parent company is LINPAC Packaging Limited, which is incorporated in the United Kingdom.