Euro Packaging UK Limited

Annual Report and financial statements

for the year ended 31 December 2012

Registered number: 7012425

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Euro Packaging UK Limited

Report and financial statements for the year ended 31 December 2012

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Directors' report

For the year ended 31 December 2012

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2012

Principal activity

The principal activities of the Company comprise the manufacturing and distribution of paper and plastic packaging, allied products and disposable packaging products

Business review

Reduced revenues for 2012 as compared to 2011 are due to the loss of low margin customers as the business concentrates on developing more profitable lines of business and exiting less profitable streams

The company continues to develop its consolidation model, winning a major retail contract to commence in 2013 It also continues to diversify and rationalise its product range (Delivering higher margin products) and diversify its customer base by entering new market sectors to grow both sales and profitability

The underlying business has improved in 2012 excluding donations of £451,000 (2011 £3,000), operating profits have increased to £1,133,000 (2011 £470,000)

The shareholders of the business have given further support to the business, strengthening the balance sheet by converting £2,000,000 of long term debt in to share capital The Company continues with no external borrowings and this will continue for the foreseeable future The Company's controls in place, with regard to stock availability and debtor recoverability, continue to enable the Company to meet all its liabilities as and when they fall due

The shareholders are very much committed and focussed on further investment into the packaging sector with the acquisition of Jena UK Ltd on 15th February 2012 This and subsequent acquisition of the assets of D2 Limited(in administration) by Jena (UK) Ltd on 15th April 2012 has expanded the shareholder's packaging related activities in the UK The results of this Grouping are incorporated in the financial statements of Euro Packaging Jersey Limited and do not form part of these financial statements

Financial risk management

The Company's activities expose it to a number of financial risks including cash flow, credit risk and liquidity risk

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates A majority of the Company's inventory purchases are in US dollars The Company invoices a portion of its sales in US dollars which provides a natural hedge against some of the exposure to the currency fluctuations

Directors' report

For the year ended 31 December 2012 (continued)

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables The Company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables The credit risk on liquid funds is limited because the counterparties are banks with high credit rating and the Company has credit insurance policies in place to cover trade receivables The Company has no significant concentration of credit risk

Liquidity risk

The Company monitors its cash flow on a daily basis as part of its normal control procedures

Principal risks and uncertainties

In addition to the above, the Company may be affected by a number of other risks and uncertainties not all of which are within its control

Perceived environmental issues

One of the Company's principal activities is the distribution of plastic carriers to the retail sector There has been a UK government lead campaign over the last few years targeting the reduction in usage of such carriers because of their perceived environmental impact There is a risk of further reduction in plastic bag usage both in the UK and overseas markets as further targets and/or environmental taxes are introduced The Company is at the forefront in the offering of alternative materials and product solutions to its customers to assist them in meeting their environmental obligations whilst maintaining the needs of the consumer

Commodity price risk

The Company is exposed to commodity price risk in relation to the cost of its major raw material input, polyethylene resin The Company monitors trends in the market closely and liaises with related companies and third party suppliers in relation to fluctuations in the resin price and impact on future profitability The Company does not hedge its future raw material requirements but it does seek to recover major movements in the resin price through price adjustments with its customers when appropriate

Results and dividends

The audited financial statements for the year ended 31 December 2012 are set out on pages 8 to 23 The profit for the year after taxation was £392,000 (2011 £104,000) which was transferred to reserves

The directors do not recommend the payment of a dividend

Directors' report

For the year ended 31 December 2012 (continued)

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they have adopted the going concern basis of accounting in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements

Directors

The directors, who served during the year, and subsequently up to the date of signing the financial statements, except where stated, were as follows

D Mosley	(Resigned 4th October 2012)
S Flaherty	
J Green	(Resigned 23rd January 2012)
M Higson	(Appointed 11th February 2013)

Charitable and political donations

During the period the Company made charitable donations of £451,000 (2011 £3,000) to Euro Charity Trust, a related party by virtue of a close relation being a Trustee No contributions were made to political parties

Disabled employees

People with disabilities receive the same consideration as others, with regard to recruitment, retention and personal development In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of the other employees

Employee consultation

Information relating to employee costs and numbers is given in note 6

Employees are the key to achieving the Company's business strategy and the Company is committed to improving their skills through training, development and nurturing a culture in which employees feel valued for their contribution and are motivated to achieve their full potential It is policy for every employee to be treated with respect and dignity in a culture of equal opportunities, in which personal success and the associated rewards depend on merit and performance

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole Communication with all employees continues through various activities

Directors' report

For the year ended 31 December 2012(continued)

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment third party trade creditors of the Company at 31 December 2012 were equivalent to 15 6 days' purchases, based on the average daily amount invoiced by suppliers during the period

Auditor

Each of the persons who are a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution concerning the reappointment of Deloitte LLP as auditor will be proposed at the Annual General Meeting

Approved by the Board and signed on its behalf by:

S Simpson
Secretary

Dated 24/7/13.

20 Brickfield Road
Birmingham
B25 8HE

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 judgments 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, and
- 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

Independent auditor's report to the members of Euro Packaging UK Limited

We have audited the financial statements of Euro Packaging UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23 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)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Independent auditor's report to the members of Euro Packaging UK Limited (continued)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Anthony J Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, UK
26/07/13

Profit and loss account

For the year ended 31 December 2012

	Notes	2012	2011
		£'000	£'000
Turnover	2	**83,495**	87,544
Change in stocks of finished goods		**1017**	2,431
Raw materials and consumables		**(67,623)**	(73,782)
Other operating costs	3	**(6,738)**	(7,259)
Staff costs	6	**(8,321)**	(8,212)
Depreciation	9	**(697)**	(252)
Operating profit before charitable donations		**1133**	470
Charitable donations		**(451)**	(3)
Operating profit	5	**682**	467
Interest payable and similar charges	4	**(237)**	(229)
Profit on ordinary activities before taxation		**445**	238
Tax on profit on ordinary activities	8	**(53)**	(134)
Profit for the financial year	17,18	**392**	104

All of the above activities derive from continuing operations

The Company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet

At 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	9	4,353	5,187
Investment in subsidiaries	10	16	13
		4,369	5,200
Current assets			
Stocks	11	17,146	15,250
Debtors	12	18,612	20,390
Cash at bank and in hand		2,855	1,788
		38,613	37,428
Creditors: amounts falling due within one year	13	(21,411)	(31,996)
Net current assets		**17,202**	5,432
Total assets less current liabilities		**21,571**	10,632
Creditors: amounts falling due after one year	14	(18,243)	(9,665)
Provisions for liabilities	15	(135)	(166)
Net assets		**3,193**	801
Capital and reserves			
Called up share capital	16	2,000	-
Profit and loss reserve	17	1,193	801
Total shareholder's funds	18	**3,193**	801

The financial statements of Euro Packaging UK Limited registered number 7012425, were approved by the board of directors and authorised for issue and signed on its behalf by

M Higson

Director 23/7/13

Cash flow statement
For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Operating profit		**682**	467
Depreciation and amortisation	9	697	252
Loss/ (Profit) on disposal of fixed assets		59	(308)
Increase in stocks		(1,896)	(3,768)
Decrease in debtors		2,395	641
(Decrease) / Increase in related company balances		(667)	7,029
Increase in creditors		136	738
Net cash inflow from operating activities		**1406**	5,051
Returns on investments and servicing of finance			
Interest payable		(237)	(229)
Taxation			
Tax		-	(251)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(89)	(3,565)
Disposals of tangible fixed assets		167	316
Acquisitions and disposals		**78**	(3,249)
Investment in subsidiary undertaking		**(3)**	-
Net cash inflow		**1,244**	**1,322**
Financing			
Loan from parent company		(2,000)	-
Issue of new share capital		2,000	
Capital element of finance leasing		(177)	(44)
Repayment of short term loan		-	-
Net cash outflow from financing		**(178)**	(44)
Increase in cash in the year/period	19	**1,067**	1,278

Notes to the financial statements

For the year ended 31 December 2012

1 Accounting policies

Basis of accounting

These financial statements are prepared, on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable law and accounting standards in the United Kingdom The principal accounting policies which have been applied consistently are set out below

Consolidation

The Company has not prepared consolidated accounts on the grounds that its subsidiary undertakings are not material for the purpose of giving a true and fair view as permitted by s405 of the Companies Act 2006

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Directors' Report The Directors' Report also describes the financial position of the Company, its cash flows, liquidity position and borrowing facilities, the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk

The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's products, (b) the exchange rate between sterling and the US Dollar and thus the consequence for the cost of the Company's products for sale, and (c) the availability of finance in the foreseeable future

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current resources

At the year end the Company was reliant on working capital loans from related parties as disclosed in Note 22 The directors of the related parties that these loans are due payable to have confirmed that they will not be demanded for repayment within 12 months of the date of this audit report

Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Investments

Investments are stated at cost of purchase net of any provisions for impairment

Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows

Plant and machinery	10% per annum
Office equipment	20% per annum
Motor vehicles	20% on cost
Computers	25% per annum
Leased Vehicles	Life of lease

Notes to the financial statements

For the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Impairment review

In addition to systematic depreciation or amortisation, the book value of fixed assets or goodwill would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in, first out basis In respect of manufactured finished goods, cost includes all raw materials, consumables, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow moving or defective items, where appropriate

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred tax is recognized 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 Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the period 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

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of trade discounts, VAT and other sales related taxes

Pension costs

The Company does not operate a defined contribution retirement benefit scheme but contributes to individual pension arrangements for certain employees The assets of such arrangements are held separately from those of the Company

Notes to the financial statements

For the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

The pension cost charge represents contributions payable by the Company in the period Differences between the contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Rentals under operating leases are charged on a straight-line basis over the lease terms, even if the payments are not made on such basis Benefits received and receivable as an incentive to sign operating leases are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used

Research and development

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred

Provisions

The Company recognises provisions for onerous contracts, restructuring costs and other obligations which exist at the balance sheet date These provisions are estimates and the actual cost and timing of future cash flows are dependent on future events Management reassesses the amounts of these provisions at each balance sheet date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the balance sheet date Any difference between the amounts previously recognised and the current estimates is recognised immediately in the profit and loss account

Notes to the financial statements

For the year ended 31 December 2012 (continued)

2 Segmental reporting

Geographic analysis by location

	2012	2011
	£'000	£'000
United Kingdom	**73,395**	76,864
Other countries	**10,100**	10,680
Total	**83,495**	87,544

Turnover is attributable to the principal activity and originates solely in the United Kingdom All of the Company's net assets are held in the United Kingdom

3 Other operating costs

	2012	2011
	£'000	£'000
Loss/(profit) on sale of fixed assets	59	(308)
	59	(308)

4 Interest payable and similar charges

	2012	2011
	£'000	£'000
Interest on Corporation Tax Payments	3	-
Interest on related Company borrowings	234	229
	237	229

Notes to the financial statements

For the year ended 31 December 2012 (continued)

5 Operating profit

Operating profit is stated after charging/(crediting):

	2012	2011
	£'000	£'000
Depreciation of tangible fixed assets	**697**	252
Operating lease rentals – land and buildings	**1,646**	1,848
Operating lease rentals – plant and machinery	**174**	239
Gains on foreign exchange	**(1,205)**	(176)
Fees payable to the Company auditor for the audit of the financial statements	**25**	25

Amounts payable to the Company's auditor in respect of non-audit services were £13,951 (2011 £33,750) Non-audit services are in relation to the provision of taxation compliance services

6 Staff costs

The average monthly number of employees (including executive directors) was

	2012	2011
	Number	Number
Management	**4**	5
Administration	**36**	38
Selling	**35**	41
Production and distribution	**234**	203
	309	**287**

Notes to the financial statements

For the year ended 31 December 2012 (continued)

6 Staff costs (continued)

Their aggregate remuneration comprised

	2012	2011
	£'000	£'000
Wages and salaries	7,536	7,205
Social security costs	722	719
Other pension costs (see note 21)	25	22
Redundancy costs	38	266
	8,321	8,212

7 Directors' remuneration

Remuneration
The remuneration of the directors was as follows

	2012	2011
	£'000	£'000
Aggregate emoluments	276	465
Company contributions to money purchase pension schemes	9	12
	285	**477**

Pensions
The number of directors who were members of a pension scheme during the year was as follows

	2012	2011
	Number	Number
Money purchase schemes	**2**	2

Notes to the financial statements

For the year ended 31 December 2012 (continued)

7 Directors' remuneration (continued)

Highest paid director
The above amounts for remuneration include the following in respect of the highest paid director

	2012	2011
	£'000	£'000
Emoluments	201	214

8 Tax charge on profit on ordinary activities

The tax charge comprises

	2012	2011
	£'000	£'000
UK corporation tax on profit for the year	84	-
Total current tax	**84**	-
Deferred tax		
Origination and reversal of timing differences	34	144
Adjustment in respect of previous periods	(54)	-
Effect of changes in tax rates	(11)	(10)
Total deferred tax (note 15)	**(31)**	134
Tax on profit on ordinary activities	**53**	134

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (24 5%) The differences are explained below

Notes to the financial statements

For the year ended 31 December 2012(continued)

8 Tax charge on profit on ordinary activities (continued)

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation	**445**	**238**
Tax on profit on ordinary activities multiplied by the standard UK corporation tax rate of 24 5% (2011 26 5%)	109	63
Effects of		
Expenses not deductible for tax purposes	10	11
Effects of gains	-	70
Capital allowances in excess of depreciation	(35)	(144)
Total current tax charge	**84**	**-**

The tax charge in future year will be affected by the announcement on 5th December 2012 that the corporation tax main rate would be reduced by 1% to 23% from 1 April 2013 and a further 1% into April 2014 when the rate will be 22% It is not expected that the reduction will have a significant impact on the company's deferred tax

Notes to the financial statements

For the year ended 31 December 2012(continued)

9 Tangible assets

	Plant and machinery	Office and computer equipment	Motor vehicles	Motor Vehicles on Finance lease	Total
	£'000	£'000	£'000	£'000	£'000
Cost at 1 January 2012	**4,130**	**164**	**408**	**886**	**5,588**
Additions	23	66	-	-	89
Disposals	(230)	-	-	-	(230)
At 31 December 2012	**3,923**	**230**	**408**	**886**	**5,447**
Depreciation at 1 January 2011	**(216)**	**(69)**	**(72)**	**(44)**	**(401)**
Charge for the year	(433)	(40)	(46)	(178)	(697)
Disposals	4	-	-	-	4
At 31 December 2011	**(645)**	**(109)**	**(118)**	**(222)**	**(1,094)**
Net book value at 31 December 2012	**3,278**	**121**	**290**	**664**	**4,353**
At 31 December 2011	3,914	95	336	842	5,187

Notes to the financial statements

For the year ended 31 December 2012 (continued)

10 Fixed asset investments

	2012	2011
	£'000	£'000
Euro Packaging Suisse SARL (Inc Switzerland) 100% owned – Sale of Luxury Packaging	13	13
Euro Packaging Iberia SL (Inc Spain) 100% owned – Sale of plastic bags	3	-
Subsidiary undertakings	16	13

11 Stocks

	2012	2011
	£'000	£'000
Raw materials and consumables	2,057	1,897
Finished goods and goods for resale	11,326	10,495
Goods in transit	3,763	2,858
	17,146	15,250

There is no material difference between the balance sheet value of stocks and their replacement cost

12 Debtors

	2012	2011
	£'000	£'000
Trade debtors	16,974	17,034
Other debtors	591	2,892
Related Debtors	616	-
Prepayments and accrued income	431	464
	18,612	20,390

All of the above amounts are considered to be due within one year

Notes to the financial statements

For the year ended 31 December 2012(continued)

13 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	2,891	3,661
Amounts owed on finance lease	177	177
Amounts owed to related undertakings	15,959	26,765
Other creditors	220	133
Other taxation and social security	1,244	287
Corporation tax creditor	84	-
Accruals and deferred income	836	973
	21,411	31,996

14 Creditors: amounts falling due after one year

	2012	2011
	£'000	£'000
Amounts owed to fellow subsidiary undertaking	**7,000**	9,000
Amounts owed on finance lease	**488**	665
Amounts owed to related undertakings	**10,755**	-
	18,243	9,665

Amounts owed to the fellow group, and related undertaking are unsecured and interest free The fellow subsidiary undertaking, Euro Packaging Jersey Guarantee Limited a related party by virtue of common ownership, and the shareholders of the related undertakings have agreed that they will not demand repayment for at least 12 months from 31st December 2012

15 Provisions for liabilities

	Deferred tax	
	2012	2011
	£'000	£'000
At 1 January	166	32
Charged to profit and loss account	(31)	134
At 31 December	**135**	**166**

Notes to the financial statements

For the year ended 31 December 2012 (continued)

15 Provisions for liabilities (continued)

The deferred tax balance comprises

	2012	2011
	£'000	£'000
Capital allowances in excess of depreciation	135	166
	135	166

16 Called up share capital

	2012	2011
	£	£
Allotted, issued and fully paid:		
2,000,002 ordinary shares of £1 each	**2,000,002**	2

2 million shares were issued and allotted at par on the 16th December 2012 in consideration for a £2,000,000 reduction in the capitalised amount owing to Euro Packaging Jersey Ltd

17 Profit and loss reserve

	£'000
At 31 December 2011	801
Profit for the year	392
At 31 December 2012	**1,193**

18 Reconciliation of movements in shareholder's funds

	2012	2011
	£'000	£'000
Profit for the financial year/period	392	104
Issued and allotted Share capital	2,000	-
Opening shareholder's funds	801	697
Closing shareholder's funds	**3,193**	801

Notes to the financial statements

For the year ended 31 December 2012 (continued)

19 Analysis and reconciliation of net debt

	2011	Cash flow	Other non-cash	2012	2011
	£'000	£'000	£'000	£'000	£'000
Cash in hand, at bank	1,788	1,067	-	2,855	1,788
Debt due within one year	-	-	-	-	
Debt due after one year	(9,000)	2,000	-	(7,000)	(9,000)
Finance Leases	(842)	177	-	(665)	(842)
Net debt	(8,054)	3,244	-	(4,810)	(8,054)

	£000	£000
Increase in cash in the year	1,067	1,278
Finance leases	177	(842)
New loans in the year	-	-
Loan repayments in the year	2,000	-
Movement in net debt in the year	3,244	436
Net debt at 1 January 2012	(8,054)	(8,490)
Net debt at 31 December 2012	**(4,810)**	(8,054)

Notes to the financial statements

For the year ended 31 December 2012 (continued)

20 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Other	Land and Buildings	Other	Land and Buildings
	2012	2012	2011	2011
	£'000	£'000	£'000	£'000
Expiry date				
- within one year	-	247	-	419
- between two and five years	104	-	98	-
- after five years	-	1,194	-	1,194
	104	**1,441**	**98**	**1,613**

21 Pension costs

Defined contribution schemes

The Company does not operate a defined contribution retirement benefit scheme but contributes to individual pension arrangements for certain employees The assets of such arrangements are held separately from those of the Company

The total cost charged to income in the year of £25,067 (2011 £22,000) represents contributions payable to these arrangements by the Company at rates specified in the rules of the plans As at 31 December 2012, £2,500 (2011 £nil) contributions were due to the schemes in respect of the current reporting year

Notes to the financial statements

For the year ended 31 December 2012 (continued)

22 Related party disclosures

During the year the Company purchased goods in the ordinary course of business from Euro Nature Green SDN BHD, and Jena UK Ltd which are related companies through ultimately common shareholders, at a cost of £31,518,000 (2011 £36,339,000)

Amounts owed to related companies, which are all related through ultimately common ownership, are disclosed in note 13 These amounts all relate to trading balances and comprise amounts owed to Euro Nature Green SDN BHD of £14,452,000 (2011 £16,355,000) amounts owed to Euro Capital FZCO of £Nil, (2011 £8,240,000) amounts owed to Europackaging Ambalaj San VE TIC of £nil (2011 £2,341,000), and amounts owed to Jena UK Ltd of £32,000(2011 £nil)

Amounts owed to related companies, which are all related through ultimately common ownership, are disclosed in note 14 These amounts all relate to long term balances and comprise amounts owed to Euro Capital FZCO of £7,508,000 (2011 £nil), and amounts owed to Europackaging Ambalaj San VE TIC of £3,247,000 (2011 nil),

Euro Capital FZCO provides offshore outsourcing services In the year fees for these services amounted to £126 244 (2011 £190,426) Euro Capital FZCO also makes advance payments to third party suppliers on the Company's behalf Interest charged on such advances in the period amounted to £234,072 (2011 228,693)

The Company paid rents to Euro Property Investments Limited, a related company through ultimately common ownership, totalling £1,235,600 (2011 £1,599,979) in the year It also paid rent of £120,000 (2011 £120,000) to SA Properties, another related company through ultimately common ownership, and £240,000 (2011 £81,250) to Mr Majid Alimahomed, who is a connected person of the Company's ultimate controlling shareholders

23 Ultimate parent Company and controlling party

The ultimate parent Company and controlling party is Euro Packaging Jersey Limited, a Company registered in Jersey The controlling parties are Afzal Majid Alimahomed and Shabir Majid Alimahomed, each owning 50% of the share capital of Euro Packaging Jersey Limited