

Van Leer Plastona Limited

Report and Accounts

31 December 1999



 **ERNST & YOUNG**

Van Leer Plastona Limited

Registered No. 3165229

DIRECTORS

D M Tillotson
B Eccleston
P L Butler

SECRETARY

D M Tillotson

AUDITORS

Ernst & Young
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LE

BANKERS

National Westminster Bank Plc
City of London Office
PO Box 12264
1 Princes Street
London
EC2R 8PB

REGISTERED OFFICE

Merseyside Works
Oilsites Road
Ellesmere Port
South Wirral
CH65 4EZ

 ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 December 1999.

RESULTS

The profit for the year after taxation amounted to £61,000 (1998 - £772,000 loss) and that amount has been taken to reserves. The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the business is the manufacture and trade of food containers.

Turnover has increased 5.9% to £22,232,000 during the year and operating profitability was significantly improved. The directors expect this trend to continue. The company is in a good position to take advantage of opportunities in the growth markets it serves.

FUTURE DEVELOPMENTS

The company is committed to further investments in fixed assets and to continuing focus on efficiency improvement, development and customer service.

DISABLED EMPLOYEES

The company gives a full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

Employees are kept informed of company progress on a regular basis through meetings with their representatives and via in-house magazines. In areas where employees are directly involved, their views and comments are encouraged informally and also by formal working groups.

DIRECTORS AND THEIR INTERESTS

The present directors of the company are shown on page 2.

Other individuals acting as directors in the period were:

D J de Graff - Resigned 1 April 1999

A J Riley - Resigned 5 March 1999

A J Schuit - Appointed 1 April 1999; Resigned 13 March 2000

During the year and at 31 December 1999 none of the directors had any interest in the shares of the company.

POLICY IN RESPECT OF SUPPLIER PAYMENTS

The Company agrees terms and conditions for transactions with suppliers which are consistent with general practice. Payment is made in accordance with these arrangements subject to the suppliers meeting their contractual requirements.

YEAR 2000 COMPLIANCE

The company addressed the risks to its business resulting from the date change to the year 2000 and took the necessary remedial action prior to 31 December 1999. No problems have been encountered either with the company's own systems, or those of others, since the passing of the Millennium.

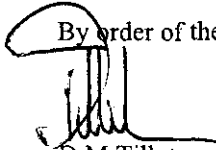
The company's IT systems are updated regularly as part of ongoing development plans. Year 2000 compliance of these systems has been incidental to this development and the cost relating specifically to the Year 2000 has not been significant.

AUDITORS

DIRECTORS' REPORT

A resolution to appoint KPMG Audit plc as auditors will be put to the members at a General Meeting of the Company

By order of the board



D M Tillotson
Secretary

31-8-2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS
to the members of Van Leer Plastona Limited

We have audited the accounts on pages 7 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibility as independent auditors, are established in the United Kingdom by statute, the Auditing Practice Board and by our professions ethical guidance.

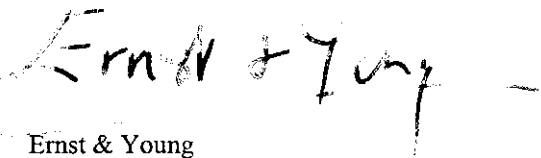
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Liverpool

0 September 2000

Van Leer Plastona Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
TURNOVER	2	22,232	20,994
Cost of sales		18,037	17,580
GROSS PROFIT		4,195	3,414
Distribution costs		769	714
Administrative expenses		2,606	2,668
OPERATING PROFIT/(LOSS)	3	820	32
Interest payable	6	759	804
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		61	(772)
Tax on profit on ordinary activities	7	-	-
PROFIT/(LOSS) RETAINED FOR THE PERIOD	15	61	(772)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £61,000 in the year ended 31 December 1999 (1998 - £772,000 loss).

Van Leer Plastona Limited

BALANCE SHEET at 31 December 1999

	Notes	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	8	7,859	7,162
Investments	9	618	618
		<u>8,477</u>	<u>7,780</u>
CURRENT ASSETS			
Stocks	10	3,071	2,834
Debtors	11	6,993	5,890
Cash at bank and in hand		1	12
		<u>10,065</u>	<u>8,736</u>
CREDITORS: amounts falling due within one year	12	18,205	16,240
NET CURRENT LIABILITIES		<u>(8,140)</u>	<u>(7,504)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>337</u>	<u>276</u>
CAPITAL AND RESERVES			
Called up share capital	14	3,000	3,000
Reserves	15	(2,663)	(2,724)
		<u>337</u>	<u>276</u>



D M Tillotson
Director

31-8-2000

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Goodwill

Goodwill is the difference between the amounts paid on the acquisition of a business and the aggregate fair value of its separable net assets. Goodwill of £863,000 arising prior to 31 December 1997 has been written off direct to reserves.

On disposal or closure of a subsidiary, goodwill previously written off to reserves is written back and the profit or loss adjusted accordingly.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant	-	over 8 years
Tooling	-	over 5 years
Fixtures and fittings	-	over 5 years
Equipment	-	over 5 years
Cars	-	over 4 years

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement equivalent debit balance is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS
at 31 December 1999

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one activity, the manufacture of plastic food containers.

An analysis of turnover by geographical market is given below:

	1999 £'000	1998 £'000
United Kingdom	20,076	17,466
Other countries in the EEC	1,022	1,172
Eastern Europe	1,082	2,205
Scandinavia	-	38
Australia	52	113
	<u>22,232</u>	<u>20,994</u>

3. OPERATING PROFIT

This is stated after charging:

	1999 £'000	1998 £'000
Auditors' remuneration - audit services	12	12
- non-audit services	-	-
Depreciation of owned fixed assets	1,184	1,283
	<u>1,196</u>	<u>1,295</u>

4. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year ended 31 December 1999 (1998 - £nil).

NOTES TO THE ACCOUNTS
at 31 December 1999

5. STAFF COSTS

	1999 £'000	1998 £'000
Wages and salaries	4,793	4,765
Social security costs	420	448
Other pension costs	220	206
	<u>5,433</u>	<u>5,419</u>

The average monthly number of employees during the year was as follows:

	1999 No.	1998 No.
Administration	29	31
Manufacturing	265	242
	<u>294</u>	<u>273</u>

6. INTEREST PAYABLE

	1999 £'000	1998 £'000
Bank loans and overdrafts	304	280
Other loans	455	524
	<u>759</u>	<u>804</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
Based on the profit/(loss) for the year	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

at 31 December 1999

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

If full provision has been made for deferred taxation in the year, the taxation charge would have been decreased by £128,000, as follows:

	1999 £'000	1998 £'000
Capital allowances in advance of depreciation	(273)	202
Other timing differences	145	(352)
	<u>128</u>	<u>150</u>

8. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £'000</i>
Cost:	
At 1 January 1999	10,074
Additions	2,075
Disposals	267
At 31 December 1999	<u>11,882</u>
Depreciation:	
At 1 January 1999	2,912
Provided during the period on disposals	1,184 (73)
At 31 December 1999	<u>4,023</u>
Net book value:	
At 31 December 1999	<u>7,859</u>
At 31 December 1998	<u>7,162</u>

9. INVESTMENTS

	£'000
Cost:	
At 31 December 1998 and 31 December 1999	<u>618</u>

The investment represents the whole of the equity share capital of Plastona Limited, during the year ended 31 December 1999 when Plastona Limited was a dormant company.

NOTES TO THE ACCOUNTS
at 31 December 1999

10. STOCKS

	1999 £'000	1998 £'000
Raw materials and consumables	1,283	1,348
Finished goods and goods for resale	1,788	1,486
	<u>3,071</u>	<u>2,834</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

11. DEBTORS

	1999 £'000	1998 £'000
Trade debtors	4,861	3,824
Other debtors	11	-
Amounts due from fellow subsidiaries	161	102
Group relief receivable	1,358	1,358
Prepayments and accrued income	602	606
	<u>6,993</u>	<u>5,890</u>

12. CREDITORS: amounts falling due within one year

	1999 £'000	1998 £'000
Bank overdraft	3,022	5,690
Trade creditors	1,987	831
Amounts due to fellow subsidiaries	12,528	9,054
Accruals	316	272
Other taxes and social security	352	393
	<u>18,205</u>	<u>16,240</u>

13. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Capital allowances in advance of depreciation	-	-	473	709
Other timing differences	-	-	(276)	(384)
	<u>-</u>	<u>-</u>	<u>197</u>	<u>325</u>

NOTES TO THE ACCOUNTS
at 31 December 1999

14. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>No.</i>	<i>No.</i>	<i>£'000</i>	<i>£'000</i>
Ordinary shares of £1 each	5,000,000	5,000,000	3,000	3,000

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total shareholders' funds £'000</i>
At 1 January 1998	3,000	(2,724)	276
Loss for period		(772)	(772)
At 31 December 1998	3,000	(2,724)	276
Profit for the year		61	61
At 31 December 1999	3,000	(2,663)	337

16. CAPITAL COMMITMENTS

	<i>1999 £'000</i>	<i>1998 £'000</i>
Contracted	-	108

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Unpaid contributions outstanding at the year end, included in accruals (note 12) are £40,022 (1998 - £31,540).

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS8 as a subsidiary undertaking which is more than 90% controlled by the ultimate parent undertaking.

19. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Van Leer (UK) Holdings Limited, a company registered in England and Wales. It has included the company in its group accounts, copies of which are available from Oilsites Road, Ellesmere Port, South Wirral, CH65 4EZ.

In the directors' opinion, the company's ultimate parent company and controlling party is Huhtamaki Van Leer Packaging Worldwide Oyj which is incorporated in Finland. Copies of group accounts, which include the company, are available from Lansituulentie 7, Espoo 02100, Finland.