

Registered number  
13327

Mondi Holcombe Limited  
Report and Financial Statements  
31 December 2009



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**Mondi Holcombe Limited**

**Report and financial statements for the year ended 31 December 2009**

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**Mondi Holcombe Limited**  
**Company Information**

**Directors**

C Cole  
C A Hunt  
C Skulich

**Secretary**

G P Fenwick

**Auditors**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Nottingham

**Registered office**

Building 1, 1st Floor  
Aviator Park  
Station Road  
Addlestone, Surrey  
KT15 2PG

**Registered number**

13327

## **Mondi Holcombe Limited**

### **Directors' Report**

The directors present their report and audited accounts for the year ended 31 December 2009

#### **Principal activities and review of the business**

The company's ultimate parent undertaking and controlling party is Mondi plc, and the company's immediate parent undertaking is Mondi Packaging (Delta) Limited. Copies of the group financial statements of Mondi plc are available from the Registrar of Companies, Companies House, Crown Way Mandy Cardiff, CF14 3UZ.

The company's principal activity was the manufacture of paper primarily for the converting trades. During 2008 the company's only operating plant at Holcombe Mill was closed. As a result the accounts have been prepared on a basis other than that of a going concern, as detailed in note 1 to the accounts. This closure reflects the plant's high cost position, in particular rising energy costs, against a backdrop of declining demand as the economy continues to slow, moving the plant into an operating loss position, which was not sustainable given the company's financial position.

The Company's ultimate parent company, Mondi plc, has confirmed that it will provide continued support for the company to meet its obligations due to decommissioning as they fall due. The decommissioning process continued into 2010 concluding with the sale of land & buildings on 13th July 2010 for £1.12m.

#### **Basis of preparation**

As a result of the company ceasing to trade in 2008, the accounts have been prepared on a basis other than that of a going concern, as detailed in note 1 to the accounts.

#### **Results and dividends**

Details of the results for the year are shown in the profit and loss account. The directors do not recommend the payment of a dividend (2008 Nil).

#### **Environment**

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

#### **Employees**

Details of the number of employees and related costs can be found in the notes to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. 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 other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

#### **Payment policy and practice**

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of those terms and to abide by them.

**Mondi Holcombe Limited**  
**Directors' Report**

**Directors' indemnities**

The company, via its ultimate parent undertaking, has made qualifying third party indemnity provisions for the benefit of its directors which were made during a previous year and remain in force at the date of this report

**Directors**

The following directors served during the year and subsequently unless otherwise stated

C A Hunt

C Cole

C Skilich

**Directors' responsibilities Statement**

The directors are responsible for preparing the report and 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). The financial statements are required by law to 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 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 proper 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 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.

**Disclosure of information to auditors**

So far as each director at the date of approval of this report is aware

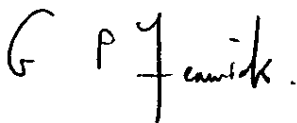
- there is no relevant audit information of which the company's auditors are unaware, and
- of any relevant audit information and to establish that the auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

**Auditors**

Deloitte LLP have expressed their willingness to continue in office as auditors

This report was approved by the board on 12 October 2010



G P Fenwick  
Secretary

**Mondi Holcombe Limited**  
**Independent auditors' report**  
**to the shareholders of Mondi Holcombe Limited**

We have audited the financial statements of Mondi Holcombe Ltd for the year ended 31st December 2009 which comprise of Profit and Loss Account, Balance Sheet and the related notes 1 to 22. 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 auditors' 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**

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 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 (APB'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.

**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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of Matter-financial statements prepared on a basis other than that of a going concern**

In forming our opinion on the financial statements, which is not qualified we have considered the adequacy of the disclosures in note 1 to the financial statements which explains that the financial statements have been prepared on a basis other than that of a going concern, as a result of the company ceasing to trade in the prior year.

**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.

**Mondi Holcombe Limited**  
**Independent auditors' report**  
**to the shareholders of Mondi Holcombe Limited**

**Matters on which we are required to report by exception**

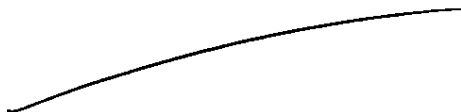
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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

Peter Hipperson FCA

Peter Hipperson FCA  
(Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Nottingham  
UK

14<sup>th</sup> October 2010



**Mondi Holcombe Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2009**

	Notes	2009 £'000	2008 £'000
<b>Turnover</b>	2	1,673	20,970
Cost of sales		(1,641)	(18,665)
<b>Gross profit</b>		<u>32</u>	<u>2,305</u>
Distribution costs		(38)	(1,041)
Administrative expenses - other		(9)	(2,209)
Administrative expenses - release environmental provision		100	1,510
Administrative expenses - release site closure provision		200	-
Administrative expenses - additional site closure provision		-	(4,126)
Administrative expenses - total		291	(4,825)
<b>Operating profit/(loss)</b>	3	<u>285</u>	<u>(3,561)</u>
Exceptional items			
Profit on the disposal of tangible fixed assets	4	-	780
		<u>285</u>	<u>(2,781)</u>
Interest receivable	6	8	233
Interest payable	7	(26)	-
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>267</u>	<u>(2,548)</u>
Tax on profit/(loss) on ordinary activities	8	663	245
<b>Profit/(loss) for the financial year</b>	16,17	<u>930</u>	<u>(2,303)</u>

**Discontinued operations**

The results for the year to 31 December 2009 relate entirely to activities discontinued during 2008. None of the company's activities were acquired or discontinued during the previous year.

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit/(loss) for the above two financial years. Accordingly no statement of recognised gains and losses is given.

**Note of historical cost profits and losses**

There is no difference between the result disclosed in the profit and loss account and the result of an unmodified historical cost basis because revalued assets have been fully impaired in previous years.



**Mondi Holcombe Limited**  
**Balance Sheet**  
**as at 31 December 2009**

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	9	-	-
<b>Current assets</b>			
Stocks	10	-	1,741
Debtors	11	699	2,381
Cash at bank and in hand		-	-
		<u>699</u>	<u>4,122</u>
<b>Creditors: amounts falling due within one year</b>	12	(1,848)	(4,662)
<b>Net current (liabilities)</b>		<u>(1,149)</u>	<u>(540)</u>
<b>Total assets less current liabilities</b>		<u>(1,149)</u>	<u>(540)</u>
<b>Provisions for liabilities</b>			
Other provisions	14	(838)	(2,377)
<b>Net liabilities</b>		<u>(1,987)</u>	<u>(2,917)</u>
<b>Capital and reserves</b>			
Called up share capital	15	11,759	11,759
Profit and loss account	16	(13,746)	(14,676)
<b>Shareholders' deficit</b>	17	<u>(1,987)</u>	<u>(2,917)</u>



C A Hunt  
Director

Approved by the board and authorised for issue on 12 October 2010  
Company Number 00013327

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

**1 Accounting policies**

***Accounting convention***

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold properties and in accordance with applicable United Kingdom Accounting Standards. These accounting policies have been applied consistently in both the current and prior year.

***Basis of preparation***

During 2008 the company's plant at Holcombe Mill was closed. As such for the year ended 31 December 2009 the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

***Cashflow statement***

The company is exempt from preparing a cashflow statement on the basis that a consolidated cashflow statement which includes the company is presented in the financial statements of the ultimate parent undertaking, Mondi plc.

***Turnover***

Turnover is the total amount receivable by the company for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

***Tangible fixed assets***

Fixed assets are stated at cost, less depreciation net of any impairment. Depreciation is not provided

Freehold buildings	2.5% per annum
Leasehold land and buildings	over the lease term
Plant and machinery	5% - 50% per annum

The transitional arrangements of FRS 15 are being adopted in the case of assets included within Land and Buildings. The company is not continuing the revaluation policy relating to these assets.

***Stocks***

Stocks and work-in-progress, are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production.

***Taxation***

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

**1 Accounting policies (continued)**

***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 translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

***Leases***

Operating lease rentals are charged to income in equal amounts over the lease term.

***Pensions***

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 profit represents the contributions payable to the

**2 Turnover**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit is attributable to one activity, the manufacture of paper.

Analysis by geographical market	2009 £'000	2008 £'000
United Kingdom	1,561	18,420
Other European Countries	112	2,550
	<u>1,673</u>	<u>20,970</u>

**3 Operating profit/(loss)**

	2009 £'000	2008 £'000
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This is stated after charging/(crediting)

Depreciation of owned fixed assets	-	563
Operating lease rentals - plant and machinery	-	147
Release of environmental provision	-	(1,510)
Additional site closure provision	-	4,126
Auditors' remuneration for audit services	15	18
Loss/(Profit) on foreign exchange	<u>14</u>	<u>(134)</u>

Auditors' remuneration shown is for the audit of the company's annual financial statements and there are no auditors' remuneration non audit fees to disclose in the current or prior year. The charge for the current year was charged against the provision and not included in the operating profit.

**4 Exceptional items**

	2009 £'000	2008 £'000
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Profit on disposal of land and buildings	<u>-</u>	<u>780</u>
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The profit on disposal in 2008 arises from the disposal of the Creams mill site, which had been written down in a previous year.

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

<b>5 Information regarding directors and employees</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	260	2,541
Social security costs	33	236
Other pension costs	11	109
	<u>304</u>	<u>2,886</u>
<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Administration	6	10
Manufacturing	-	79
	<u>6</u>	<u>89</u>

In both the current and prior year the directors have not received any remuneration for their services to this company. The average employee numbers fluctuated during the beginning of the year giving a high average salary per employee for the year.

<b>6 Interest receivable</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from 3rd parties	8	-
Interest receivable from group undertakings	-	233
	<u>8</u>	<u>233</u>
<b>7 Interest payable</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to group undertakings	<u>26</u>	<u>-</u>

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

<b>8 Taxation</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of credit in period</b>		
Current tax	-	-
Group relief	-	-
Adjustments in respect of previous periods	(663)	(245)
	<u>(663)</u>	<u>(245)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<u>(663)</u>	<u>(245)</u>
Tax on profit/(loss) on ordinary activities	<u>(663)</u>	<u>(245)</u>

**Factors affecting tax credit for period**

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008 28.5%) From 1 April 2011 it has been announced that the standard rate of tax will decrease to 27% The actual charge for the current and the previous year is different from the standard rate for the reasons set out in the following reconciliation

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) on ordinary activities before tax	<u>267</u>	<u>(2,548)</u>
Standard rate of corporation tax in the UK	28.0%	28.5%
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	75	(726)
<b>Effects of</b>		
Expenses not deductible for tax purposes	30	9
Fixed asset timing differences	(720)	146
Movements in provisions	(523)	(318)
Loss not provided as deferred tax asset	1,138	933
Losses surrendered not paid for	-	178
Profit on disposal of fixed assets not taxable	-	(222)
Adjustments to tax charge in respect of previous periods	(663)	(245)
	<u>(663)</u>	<u>(245)</u>
Current tax credit for period	<u>(663)</u>	<u>(245)</u>

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

**9 Tangible fixed assets**

	<b>Freehold land and buildings £'000</b>	<b>Short leasehold land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2009	2,329	3,018	16,578	21,925
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2009	<u>2,329</u>	<u>3,018</u>	<u>16,578</u>	<u>21,925</u>
<b>Depreciation</b>				
At 1 January 2009	2,329	3,018	16,578	21,925
Charge for the year	-	-	-	-
On disposals	-	-	-	-
At 31 December 2009	<u>2,329</u>	<u>3,018</u>	<u>16,578</u>	<u>21,925</u>
<b>Net book value</b>				
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Buildings were revalued in 1994 on the basis of existing use value by the directors of the company at that time, and that valuation was incorporated in the company at that time. The value of the buildings has been impaired to nil in previous years and there is therefore no difference between the historical cost value of these assets and the value in the financial statements: the value on both bases is nil. The sale of the land and buildings took place on 13th July 2010 for £1.12m.

<b>10 Stocks</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Finished goods and goods for resale	-	1,741
	<u>-</u>	<u>1,741</u>

<b>11 Debtors</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Trade debtors	17	482
Amounts owed by group undertakings	20	1,647
Other debtors	8	202
Prepayments and accrued income	-	50
Group relief receivable	654	-
	<u>699</u>	<u>2,381</u>

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

<b>12 Creditors amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	1,783	2,507
Trade creditors	45	759
Amounts owed to group undertakings	16	585
Group relief payable	-	476
Other taxes and social security costs	4	9
Accruals and deferred income	-	326
	<u>1 848</u>	<u>4 662</u>

**13 Deferred taxation**

Deferred tax assets have not been provided for because they are not considered recoverable as a result of the cessation of trading after the year end the balance not provided for is as follows

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
(Asset) arising from accelerated capital allowances	-	(696)
(Asset) arising from other short term differences	-	(666)
(Asset) arising from taxable trading losses	-	(895)
	<u>-</u>	<u>(2 257)</u>

**14 Provisions for liabilities**

	<b>Closure provision</b>	<b>Environmental provision</b>	<b>Total provisions</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2009	2,138	239	2,377
Additional provisions made during the period	(127)	127	-
Amounts utilised	(993)	(246)	(1,239)
Amounts released unused	(200)	(100)	(300)
At 31 December 2009	<u>818</u>	<u>20</u>	<u>838</u>

During 2008 the company made additional provision for closure costs of £4,126 000. These costs relate mainly to redundancy costs and the decommissioning of the Holcombe site. Costs were incurred against this provision in 2009 as shown above.

The closure provision commitment extends to 2010 (See note 18)

The Environmental provision commitment extends to 2010 (See note 18)

**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

<b>15 Share capital</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>No</b>	<b>No</b>	<b>£'000</b>	<b>£'000</b>
Allotted, called up and fully paid				
Ordinary shares of £1 each	11,759,000	11,759,000	<u>11,759</u>	<u>11,759</u>

<b>16 Profit and loss account</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	(14,676)	(12,373)
Profit/(Loss) for the financial year	930	(2,303)
At 31 December	<u>(13,746)</u>	<u>(14,676)</u>

<b>17 Reconciliation of movement in shareholders' (deficit)</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January Shareholders' deficit	(2,917)	(614)
Profit/(Loss) for the financial year	930	(2,303)
At 31 December Shareholders' deficit	<u>(1,987)</u>	<u>(2,917)</u>

**18 Post balance sheet events**

The sale of the Land and Buildings at the Holcombe site was completed on 13th July 2010 for £1.12m

**19 Pension commitments**

The company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amount to £10,735 (2008: £108,956). There were no accrued pension contributions at the end of the year.

**20 Other financial commitments**

At the end of the year the company had annual commitments under non-cancellable operating leases:

	<b>Other</b>	<b>Other</b>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases which expire		
within one to two years	-	13
within two to five years	-	3
	<u>-</u>	<u>16</u>



**Mondi Holcombe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2009**

**21 Related parties**

As a wholly owned subsidiary the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by Mondi plc

**22 Controlling party**

The company's ultimate parent undertaking and controlling party is Mondi plc, a company which is incorporated in England and Wales. Copies of the group financial statements of Mondi plc are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

The company's immediate parent undertaking is Mondi Packaging (Delta) Limited

The largest and smallest consolidated accounts available are those of the ultimate parent company Mondi plc