

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED

(Formerly Britton Decoflex Limited)

Report and Financial Statements

Year ended 31 December 2013

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COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

REPORT AND FINANCIAL STATEMENTS 2013

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COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Dean	(resigned 21 st May 2014)
S Goodman	(resigned 26th March 2013)
L Richardson	(appointed 24th October 2013, resigned 30 th June 2014)
K Bostock	(appointed 31 st May 2014)
M Lapping	(appointed 31 st May 2014)

COMPANY SECRETARY

L Richardson	(resigned 30 th June 2014)
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REGISTERED OFFICE

C/O Britton Taco Limited
Road One Industrial Estate
Winsford
Cheshire, CW7 3RD

BANKERS

HSBC Bank Plc
Manchester, UK

GE Capital Bank Limited
London, UK.

SOLICITORS

Eversheds LLP
1 Royal Standard Place
Nottingham, UK

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

DIRECTORS' REPORT (CONTINUED)

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The company's principal activities are the manufacture and distribution of polythene security and distribution packaging. There have not been any significant changes in the company's principal activities in the period under review or are expected in the next year. Since the year end the company has changed its name to Coveris Flexibles (Hartlepool) UK Limited, there have been no other significant events since the period end

REVIEW OF THE BUSINESS

The directors are not aware, at the date of this report, of any likely change in the company's activities in the next year. The company will continue to trade for the foreseeable future.

The director's utilise various KPIs in order to measure the performance of the business against competitors and previous periods:

KPI	31 December 2013	31 December 2012
Return on Capital employed (i)	22.2%	3.2%
EBITDA % of Turnover	9.9%	4.3%
EBITDA per employee (£'000)	14.0	3.6
Employee numbers	136	142

(i) Operating profit as a percentage of capital employed (being net assets less cash balances and non - interest bearing provisions and liabilities).

The directors are pleased with the company's performance and the KPIs, despite the significant volatility in raw material costs suffered during the period. The directors are satisfied with the strength of the balance sheet, with net assets of £9,406,000 (31 December 2012: £8,178,000).

The directors anticipate that the company will continue the development and growth of core products and entry into new markets as and when suitable opportunities arise.

FINANCIAL RISK MANAGEMENT

Following the refinancing of the group during November 2013, the ultimate parent company became Coveris Holding SA. , a company incorporated in Luxembourg.

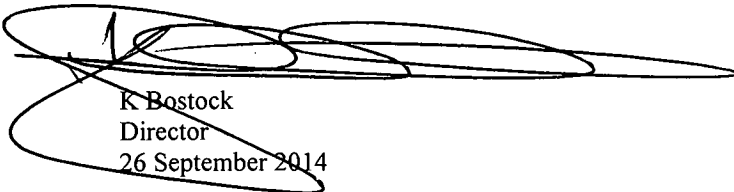
The company exports to various countries in Europe and around the world in different currency denominations and is therefore exposed to fluctuations in exchange rates. The company manages this risk with the use of forward exchange contracts.

Fluctuations in raw material prices can lead to significant risks within the business. The company manages this risk by utilising recognised polymer price indices as a mechanism for reflecting raw material price changes into the selling prices for specific individual customers.

The company is exposed to interest rate changes as all cash at bank is held at floating rates. In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses an invoice financing facility with the bank. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

FUTURE DEVELOPMENTS

The company will continue to trade as a manufacturer and distributor of polythene security and distribution packaging.



K Bostock
Director
26 September 2014

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS REPORT

The directors present their annual report and the audited financial statements for the year ended ended 31 December 2013.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Please refer to the Strategic Report on page 2. The directors do not recommend payment of a dividend (31 December 2012: £nil). The profit for the year ended 31 December 2013 of £1,228,000 (eight month period ended 31 December 2012: £255,000) has been taken to reserves.

GOING CONCERN

The directors, in their consideration of going concern, have reviewed the company's future cash flow forecasts and revenue projections, which they believe are based on reasonable market data and past experience.

The company's principal financial risks in the medium term relate to liquidity and credit risk. Liquidity risk is managed by ensuring that the company's day-to-day working capital requirements are met by having access to banking facilities with suitable terms and conditions to accommodate the requirements of the company's operations. Credit risk, which is heightened as a result of the difficulties customers may face in the current climate, is managed by applying considerable rigour in managing the company's trade receivables. The directors believe that the company is adequately placed to manage its financial risks effectively despite the current uncertain economic outlook.

During the period, along with various other Coveris affiliates, the group debt facility was refinanced with new ABL facilities made available by GE Capital Bank Limited and a Term loan issued by Exopack Holdings S.A.

New Term Loan

On November 8, 2013, we entered into an intercompany loan agreement (the "New Term Loan") with Exopack Holdings S.A. We borrowed a single draw Sterling denominated term loan of approximately £3,519,000 (the "New Term Loan - GBP Tranche") in principal amount and a single draw Euro denominated term loan of approximately €49,000 (the "New Term Loan - EUR Tranche") in principal amount pursuant to the New Term Loan Facility Agreement.

The New Term Loan matures on November 7th 2020 and will, for the duration of the agreement, bear interest at a rate of 6.5% payable at each calendar quarter end. All obligations under the New Term Loan and any secured hedging arrangements and secured cash management agreements provided by lenders or affiliates thereof will be unconditionally guaranteed by the Guarantors.

The New Term Loan Facility Agreement does not include any financial covenants but has customary events of default (subject to materiality thresholds and standstill and grace periods), including:

(a) non-payment of obligations (subject to a thirty day grace period); (b) non-performance of obligations (subject to a sixty-day grace period); (c) unlawfulness (d) cross default and cross acceleration to material indebtedness; (e) insolvency and (f) legal actions

ABL Facility

Under the facility with GE Capital Bank Limited ("GE"), dated November 8th 2013 (the "GE UK Facility") certain wholly-owned subsidiaries of Exopack Holdings S.A (the "Clients") assign to GE Capital Bank Limited certain debts which, subject to customary conditions, GE is obliged to buy and accept. Certain wholly-owned subsidiaries are guarantors under the GE UK Facility (the "UK Obligors"). The Clients and UK Obligors have granted security in favour of GE over non-vesting debts and a floating charge over all assets subject to the terms of an Inter-creditor Agreement.

The GE UK Facility is comprised of an invoice finance facility for which the aggregate loan advance limit is £69.0 million (the "Invoice Facility") and a revolving inventory finance facility for which the aggregate current account limit is £20.0 million (the "Revolving Inventory Facility"). Under the Invoice Facility, the advance percentage for the assigned debts is 90% of the nominal amount of the debt, subject to reduction in respect of the discount rate, service charges and other liabilities. Under the Revolving Inventory Facility, the loan advance percentage of the eligible inventory is 80% of the net orderly liquidation value of that inventory, subject to reduction in respect of certain customary reserves.

The GE UK Facility has recourse terms where the Clients and UK Obligors bear the credit risk of the transactions (including where the underlying debtor fails to pay). The GE UK Facility has a term of five years and any termination of the contract requires either three months' prior notice where there is a refinancing or one month's

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

DIRECTORS' REPORT (CONTINUED)

prior notice where there is a sale of the Company. Customary representations and warranties are included in the GE UK Facility and customary restrictions on disposals of assets and granting liens are also included. Events of default include failure to pay, misrepresentation, insolvency, insolvency proceedings, breach of obligations and cross-acceleration and cross-default to other indebtedness of the Clients or the UK Obligors. A mandatory prepayment is required upon the change of control of a Client or UK Obligor subject to minimum thresholds in respect of EBITDA, gross assets or turnover being satisfied. In addition, if the availability under the Invoice Facility plus the availability under the Revolving Inventory Facility plus the equivalent concept of availability under the GE Germany Facility and the GE French Facilities is less than \$14,583,000, the Clients shall not permit the ratio of operating cash flow of the Company to the fixed charges of the Company to be less than 1.00:1.00.

The company is supported by its immediate and ultimate parent company and the directors are of the opinion that the company's cash forecasts and revenue projections, taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the company should be able to operate within its current facilities together with this support.

Given the existence of cross party guarantees in relation to the companies' financing arrangement, the directors have assessed the financial performance of each of the companies within the group and have a reasonable expectation that each company has adequate resources to continue in operational existence for a period of no less than twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statement.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure is a continuing risk for the company, which could result in the loss of sales to key competitors. The company manages this risk by providing added value services to its customers, having fast response times and by maintaining strong relationships with its customers.

The company exports to various countries in Europe and around the world in different currency denominations and is therefore exposed to fluctuations in exchange rates. The directors do not believe the risk is sufficient to warrant use of foreign currency derivatives.

Fluctuations in raw material prices can lead to significant risks within the business. The company manages this risk by utilising recognised polymer price indexes as a mechanism for reflecting raw material price changes into the selling prices for specific individual customers.

The company is exposed to interest rate changes as all cash at bank is held at floating rates. In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses an invoice financing facility with GE Capital bank. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements. The companies' policies and practices have been established to keep employees informed on matters relevant to them through regular meetings and newsletters. Employees or their representatives are consulted on a regular basis, so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

The company gives full consideration to applications for employment from disabled persons where a disabled person can adequately fulfil the requirements of the job. 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.

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable or political contributions were made during the year (31 December 2012: £nil).

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S Goodman	(resigned 26 th March 2013)
D Dean	(resigned 21 st May 2014)
L Richardson	(appointed 24 th October 2013, resigned 30 th June 2014)
K Bostock	(appointed 31 st May 2014)
M Lapping	(appointed 31 st May 2014)

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as the company's auditors will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITIES STATEMENT


The directors are responsible for preparing the Strategic report, 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; 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



K Bostock
Director
26 September 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVERIS FLEXIBLES (HARTLEPOOL) LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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 Coveris Flexibles (Hartlepool) UK Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account and note of historical cost profits and losses 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 Report and Financial Statements (the "Annual Report") 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 other matter prescribed by the Companies Act 2006

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

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVERIS
FLEXIBLES (HARTLEPOOL) LIMITED (Continued)**

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not 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 Directors' Responsibilities Statement set out on page 6, 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.



Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

26 September 2014

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Turnover	2	19,268	11,785
Cost of sales		(16,195)	(10,296)
Gross profit		3,073	1,489
Distribution costs		(482)	(312)
Administrative expenses – other		(1,136)	(970)
Other operating income		-	31
OPERATING PROFIT	4	1,455	238
Interest payable and similar charges	5	(133)	(71)
Interest receivable and similar income		4	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,326	167
Tax on profit on ordinary activities	6	(98)	88
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	1,228	255

All of the company's activity relates to continuing operations.

There are no other recognised gains or losses in either the current period or prior year and accordingly no statement of total recognised gains or losses is presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 31 December 2013

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Reported profit on ordinary activities before taxation	1,326	167
Difference between historical cost depreciation charge and the actual depreciation	14	13
Historical cost profit on ordinary activities before taxation	1,340	180
Historical cost profit on ordinary activities after taxation	1,214	201

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

BALANCE SHEET
31 December 2013

	Note	31 December 2013 £'000	31 December 2012 £'000
FIXED ASSETS			
Tangible assets	7	1,684	1,872
CURRENT ASSETS			
Stocks	8	2,131	2,595
Debtors	9	8,954	7,745
Cash at bank and in hand		5,298	3,351
		16,383	13,691
CREDITORS: amounts falling due within one year	10	(5,061)	(7,337)
NET CURRENT ASSETS		11,322	6,354
TOTAL ASSETS LESS CURRENT LIABILITIES		13,006	8,226
CREDITORS: amounts falling due after more than one year	11	(3,561)	-
PROVISIONS FOR LIABILITIES	14	(39)	(48)
NET ASSETS		9,406	8,178
CAPITAL AND RESERVES			
Called up share capital	15	60	60
Revaluation reserve	16	117	117
Profit and loss account	16	9,229	8,001
TOTAL SHAREHOLDERS' FUNDS	16	9,406	8,178

The financial statements on pages 7 to 19 were approved by the Board of Directors on 26 September 2014 and signed on its behalf by


 K Bostock
 Director

Company No. 323279

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies adopted have been applied consistently and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, except as modified by the revaluation of certain assets.

Going Concern

The directors, in their consideration of going concern, have reviewed the company's future cash flow forecasts and revenue projections, which they believe are based on reasonable market data and past experience.

The company's principal financial risks in the medium term relate to liquidity and credit risk. Liquidity risk is managed by ensuring that the company's day-to-day working capital requirements are met by having access to banking facilities with suitable terms and conditions to accommodate the requirements of the company's operations. Credit risk, which is heightened as a result of the difficulties customers may face in the current climate, is managed by applying considerable rigour in managing the company's trade receivables. The directors believe that the company is adequately placed to manage its financial risks effectively despite the current uncertain economic outlook.

During the period, along with various other Coveris affiliates, the group debt facility was refinanced with new ABL facilities made available by GE Capital Bank Limited and a Term loan issued by Exopack Holdings S.A.

New Term Loan

On November 8, 2013, we entered into an intercompany loan agreement (the "New Term Loan") with Exopack Holdings S.A. We borrowed a single draw sterling denominated term loan of approximately £3,519,000 (the "New Term Loan - GBP Tranche") in principal amount and a single draw euro denominated term loan of approximately €49,000 (the "New Term Loan - EUR Tranche") in principal amount pursuant to the New Term Loan Facility Agreement.

The New Term Loan Facility Agreement does not include any financial covenants but has customary events of default (subject to materiality thresholds and standstill and grace periods), including:

(a) non-payment of obligations (subject to a thirty day grace period); (b) non-performance of obligations (subject to a sixty-day grace period); (c) unlawfulness (d) cross default and cross acceleration to material indebtedness; (e) insolvency and (f) legal actions

ABL Facility

Under the facility with GE Capital Bank Limited ("GE"), dated November 8th 2013 (the "GE UK Facility") certain wholly-owned subsidiaries of Exopack Holdings S.A (the "Clients") assign to GE Capital Bank Limited certain debts which, subject to customary conditions, GE is obliged to buy and accept. Certain wholly-owned subsidiaries are guarantors under the GE UK Facility (the "UK Obligors"). The Clients and UK Obligors have granted security in favour of GE over non-vesting debts and a floating charge over all assets subject to the terms of an Inter-creditor Agreement.

The GE UK Facility is comprised of an invoice finance facility for which the aggregate loan advance limit is £69.0 million (the "Invoice Facility") and a revolving inventory finance facility for which the aggregate current account limit is £20.0 million (the "Revolving Inventory Facility"). Under the Invoice Facility, the advance percentage for the assigned debts is 90% of the nominal amount of the debt, subject to reduction in respect of the discount rate, service charges and other liabilities. Under the Revolving Inventory Facility, the loan advance percentage of the eligible inventory is 80% of the net orderly liquidation value of that inventory, subject to reduction in respect of certain customary reserves.

The GE UK Facility has recourse terms where the Clients and UK Obligors bear the credit risk of the transactions (including where the underlying debtor fails to pay). The GE UK Facility has a term of five years and any termination of the contract requires either three months' prior notice where there is a

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

ACCOUNTING POLICIES (continued)

Going Concern (continued)

refinancing or one month's prior notice where there is a sale of the Company. Customary representations and warranties are included in the GE UK Facility and customary restrictions on disposals of assets and granting.

Liens are also included. Events of default include failure to pay, misrepresentation, insolvency, insolvency proceedings, breach of obligations and cross-acceleration and cross-default to other indebtedness of the Clients or the UK Obligors. A mandatory prepayment is required upon the change of control of a Client or UK Obligor subject to minimum thresholds in respect of EBITDA, gross assets or turnover being satisfied. In addition, if the availability under the Invoice Facility plus the availability under the Revolving Inventory Facility plus the equivalent concept of availability under the GE Germany Facility and the GE French Facilities is less than \$14,583,000, the Clients shall not permit the ratio of operating cash flow of the Company to the fixed charges of the Company to be less than 1.00:1.00.

The company is supported by its immediate and ultimate parent company and the directors are of the opinion that the company's cash forecasts and revenue projections, taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the company should be able to operate within its current facilities together with this support.

Given the existence of cross party guarantees in relation to the companies' financing arrangement, the directors have assessed the financial performance of each of the companies within the Britton group and have a reasonable expectation that each company has adequate resources to continue in operational existence for a period of no less than twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

Tangible fixed assets are stated at valuation, net of depreciation and any provision for impairment. Plant and machinery and land and buildings are accounted for under a revaluation policy in accordance with FRS 15 Tangible Fixed Assets. This involves performing full valuations at least every five years and an interim valuation in year three. Interim valuations in years one, two and four are carried out where it is likely that there has been a material change in value.

Any valuation surplus or deficit over book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of all assets except freehold land. The rates of depreciation are as follows:

Long leasehold property	Over the period of the lease
Plant and machinery	10% per annum

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. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the 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 financial statements. 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.

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

Pension costs

The company pays contributions on behalf of qualifying employees to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Company contributions are charged directly to the profit and loss account as they become payable.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate ruling at that date. Translation differences are dealt with in the profit and loss account.

Cash flow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary undertaking of Britton Flexibles Limited, is exempt from the requirement to prepare such a statement under Financial Reporting Statement 1 "Cash flow statements".

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activity after deduction of trade discounts and value added tax. Turnover is recognised upon receipt of goods and services by the customer. All turnover originates from the United Kingdom. The geographical analysis of turnover by destination is as follows:

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
United Kingdom	14,716	9,096
Rest of Europe	2,431	1,424
Other	2,121	1,265
	<u>19,268</u>	<u>11,785</u>

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of Coveris Flexibles (Hartlepool) UK Limited (formerly Britton Decoflex Limited) are also directors of Bravo Bidco Limited, Coveris Bravo Flexibles Limited, Britton Holdings Limited, Coveris Flexibles (Winsford) UK Limited, Coveris Flexibles (Louth) UK Limited and Coveris UK Bravo Group Limited. It is not practicable to allocate the directors' emoluments between their services to Coveris Flexibles (Hartlepool) UK Limited (formerly Britton Decoflex Limited) and to the other group companies. As such the directors' emoluments are borne by a fellow group company. The directors of the company received emoluments, including benefits in kind, of £364,000 (31 December 2012: £250,000) and contributions to the defined contribution scheme of £33,000 (31 December 2012: £27,000). The emoluments of the highest paid director in respect of the company are as follows:

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Highest paid director		
Emoluments	187	127
Benefits in kind	8	11
Contributions to a defined contribution pension scheme	20	15
	<u>215</u>	<u>153</u>

	Year ended 31 December 2013 Number	Period ended 31 December 2012 Number
Average monthly number of persons employed by activity:		
Production	104	110
Administration	32	32
	<u>136</u>	<u>142</u>

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Staff costs during the year/period		
Wages and salaries	3,161	2,128
Social security costs	291	193
Other pension costs (see note 18)	48	31
	<u>3,500</u>	<u>2,352</u>

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

4. OPERATING PROFIT

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Operating profit is stated after charging:		
Depreciation	452	272
Rentals under operating leases		
Plant and machinery	45	33
Other	118	92
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual financial statements	29	29
	<u>29</u>	<u>29</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Invoice and asset finance interest	97	71
Amounts payable due to group undertakings	36	-
	<u>133</u>	<u>71</u>

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
a) Analysis of credit in the year/period		
Current tax		
UK corporation tax at 23.25% (31 December 2012: 24%) based on the profit for the year/period	114	17
Adjustments in respect of previous periods	-	(124)
Total current tax (note 6b)	<u>114</u>	<u>(107)</u>
Deferred tax		
Origination and reversal of timing differences	7	14
Adjustments to tax charge in respect of prior periods	(42)	
Effect of changes in tax rates	19	5
Total deferred tax (note 13)	<u>(16)</u>	<u>19</u>
Total tax credit in the year/period	<u>(98)</u>	<u>(88)</u>

b) Factors affecting the tax credit for the year/period

The tax assessed for the current year differs (31 December 2012: differs) to the standard rate of corporation tax in the UK of 23.25% (31 December 2012: 24%). The differences are explained below:

	Year ended 31 December 2013 £'000	Period ended 31 December 2012 £'000
Profit on ordinary activities before tax	1,326	167
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	308	40
Effects of:		
Difference between capital allowances and depreciation	(7)	(14)
Expenses not deductible for tax purposes	3	14
Imputed interest on intra-group balances	83	14
Adjustments to tax charge in respect of prior periods	-	(124)
Group relief not paid for	(273)	-
Utilisation of brought forward Advance Corporation Tax	-	(37)
Current tax credit for the year/period (note 6a)	<u>114</u>	<u>(107)</u>

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The UK Government made the following announcements to changes in the standard rate of UK corporation tax, a reduction from 24% to 23% effective 1 April 2013, a reduction in the main rate of corporation tax of 2% to 21% on 1 April 2014 and that a further reduction in the main rate of corporation tax of 1% to 20% would be effected on 1 April 2015. These rate reductions became substantively enacted on 2nd July 2013.

Accordingly, the company's profits for this financial year are taxed at a rate of 23.25 %.

7. TANGIBLE ASSETS

	Long leasehold land £'000	Long leasehold property £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 1 January 2013	10	96	3,381	3,487
Additions	-	11	253	264
At 31 December 2013	10	107	3,634	3,751
Accumulated depreciation				
At 1 January 2013	-	48	1,567	1,615
Charge for the period	-	11	441	452
At 31 December 2013	-	59	2,008	2,067
Net book value				
At 31 December 2013	10	48	1,626	1,684
At 31 December 2012	10	48	1,814	1,872

In February 2008, local qualified surveyors, DTZ Debenham Tie Lung Surveyors, re-valued the land and buildings and in April 2009 management re-valued the plant and machinery.

If the assets had not been revalued, land and buildings would have a net book value of £48,000 (cost £89,000; depreciation of £41,000) and plant and machinery a net book value of £1,622,000 (cost £3,517,000; depreciation of £1,895,000).

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

8. STOCKS

	31 December 2013 £'000	31 December 2012 £'000
Raw materials and consumables	950	1,251
Work-in-progress	104	168
Finished goods	1,077	1,176
	<u>2,131</u>	<u>2,595</u>

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

9. DEBTORS

	31 December 2013 £'000	31 December 2012 £'000
Trade debtors	3,128	3,098
Amounts owed by group undertakings	5,592	4,460
Deferred tax asset (note 13)	124	108
Prepayments and accrued income	110	79
	<u>8,954</u>	<u>7,745</u>

The amounts owed by group undertakings are due on demand.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2013 £'000	31 December 2012 £'000
Invoice financing	-	1,692
Asset financing	-	1,000
Trade creditors	889	920
Amounts owed to group undertakings	3,631	3,304
Other taxation and social security	93	88
Accruals and deferred income	448	333
	<u>5,061</u>	<u>7,337</u>

The invoice financing was secured against the trade debtors against which it was drawn down. The asset financing creditor is secured against various items of stocks, drawn amounts total zero at the end of the period.

The amounts owed to group undertakings are repayable on demand.

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2013 £'000	31 December 2012 £'000
Loans owed to group undertakings	3,561	-
	<u>3,561</u>	<u>-</u>

12. BORROWINGS

	31 December 2013 £'000	31 December 2012 £'000
Loans from group companies / Invoice and asset financing		
Repayable in one year or less or on demand (note 10)	-	2,692
Repayable between two and five years	-	-
Repayable after 5 years	3,561	-
	<u>3,561</u>	<u>2,692</u>

13. DEFERRED TAXATION

	31 December 2013 £'000	31 December 2012 £'000
Asset at start of year/period	108	127
Charge for the year/period	16	(19)
Asset at end of year/period (note 9)	<u>124</u>	<u>108</u>

The amount of deferred taxation provided and not provided in the financial statements are as follows:

	Provided 31 December 2013 £'000	Not provided 31 December 2013 £'000	Provided 31 December 2012 £'000	Not provided 31 December 2012 £'000
Accelerated capital allowances	124	-	107	-
Other timing differences	-	-	1	-
	<u>124</u>	<u>-</u>	<u>108</u>	<u>-</u>

Deferred tax is provided where there is reasonable certainty over the recovery of the asset, with regard to future taxable profits. It is expected that there will be sufficient trading profits in the company in the foreseeable future, against which the deferred tax assets will be utilised.

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

14. PROVISIONS FOR LIABILITIES

	31 December 2013 £'000	31 December 2012 £'000
At 1 January	48	73
Utilised during the period	(9)	(25)
At 31 December	<u>39</u>	<u>48</u>

This represents a dilapidation provision for making good premises leased by the company.

15. CALLED UP SHARE CAPITAL

	31 December 2013 £'000	31 December 2012 £'000
Called up, allotted and fully paid 60,100 (31 December 2012:60,100) ordinary shares of £1 each	<u>60</u>	<u>60</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2013 Revaluation Reserve £'000	31 December 2013 Called-Up Share capital £'000	31 December 2013 Profit and loss account £'000	31 December 2013 Total shareholders' funds £'000	31 December 2012 Total shareholders' funds £'000
At start of year/period	117	60	8,001	8,178	7,923
Profit for the financial year/period	<u>-</u>	<u>-</u>	<u>1,228</u>	<u>1,228</u>	<u>255</u>
At end of year/period	<u>117</u>	<u>60</u>	<u>9,229</u>	<u>9,406</u>	<u>8,178</u>

17. FINANCIAL COMMITMENTS

At 31 December 2013, the company had annual commitments under non-cancellable operating leases as set out below:

	Other		Plant and machinery	
	31 December 2013 £'000	31 December 2012 £'000	31 December 2013 £'000	31 December 2012 £'000
Operating leases which expire:				
Within one year	-	20	3	12
Within two to five years	118	72	42	21
	<u>118</u>	<u>92</u>	<u>45</u>	<u>33</u>

COVERIS FLEXIBLES (HARTLEPOOL) UK LIMITED (Formerly Britton Decoflex Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 December 2013

18. PENSIONS

Certain employees are members of the group defined contribution scheme. Contributions paid during the year were £48,000 (31 December 2012: £31,095). The amount of unpaid contributions at the year end was £5,855 (31 December 2012: £3,570).

19. CONTINGENT LIABILITIES

The company is party to a cross company and group guarantee with respect to parent company financing. There are consequently fixed and floating charges over the company's present and future property and assets.

20. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary and has taken advantage of the exemptions available under paragraph 3(c) of FRS 8 Related Party Disclosures.

21. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Britton Security Packaging Limited, a company incorporated in England & Wales.

The ultimate parent company and controlling party is Coveris Holdings S.A., a company incorporated in Luxembourg. The largest set of financial statements the company is consolidated into, are those prepared by Coveris Holdings S.A and the smallest are those prepared by Copper International Holdings S.à.r.l.

The consolidated financial statements of Coveris Holdings SA are available from 5, rue Guillaume Kroll, L-1882 Luxembourg, R.C.S. Luxembourg: B 0166096.