Company Registration No. 00408017 (England and Wales)

La Seda UK Ltd

(formerly APPE U.K. Ltd.)

Annual report and financial statements for the year ended 31 December 2015

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Company information

Director	Jóse Vicente Estrada Esteban	(Appointed 25 September 2015)
Secretary	Jóse Vicente Estrada Esteban	
Company number	00408017	
Registered office	Ellice Way Wrexham Technology Park Wrexham Clwyd LL13 7YL	
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 8 Princess Parade St Nicolas Place Liverpool L3 1QJ	

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Contents

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Strategic report

For the year ended 31 December 2015

The director presents the strategic report and financial statements for the year ended 31 December 2015.

Until 30 June 2015, the Company's principal activity was the provision of packaging solutions to a wide variety of industry sectors within the UK. The Company manufactures rigid plastic polyethylene terephthalate (PET) preforms, bottles and other containers for use in the beverage sector (carbonated soft drinks, mineral water and juice) as well as for food, personal care, healthcare and household chemical applications.

On 1 July 2015, the Company sold all its business assets, as well as its creditors, including pre-insolvent creditors and current trade payables, employee obligations, working capital to Plastipak UK, Ltd, a newly created company by Plastipak Holdings, Inc, the buyer of the Pan-European Packaging Division which La Seda UK Ltd formed part of.

Fair review of the business

As explained in more detail in note 1 to these accounts, on 3 January 2014 La Seda de Barcelona S.A., "en liquidación" ("LSB"), the parent company of La Seda U.K. Ltd presented an application to commence its own liquidation (sale of Business Units) in the Court as the best option to protect the value of its assets and to facilitate the orderly sale of the business. The Court accepted the application on 29 January 2014 confirming the liquidation of LSB and the removal of its Board of Directors whose authority was replaced by its Insolvency Administrator.

The Parent Company's Liquidation Plan was approved by the Commercial Court number 1 of Barcelona on 29 July 2014, and establishes the different proposals prepared by the Insolvency Administrators for the liquidation of the different groups of assets which can be divided into four categories: 1) sale of shareholdings or business assets of the PET and Chemical Divisions; 2) sale of all shareholdings and all business assets of the Packaging Division (APPE) as one Pan-european business division, in a single transaction; 3) sale of land owned by the Parent Company; and 4) sale of other assets.

In 2015 the most significant event of the Liquidation process was the sale of the Pan-european business of the Packaging Division (APPE) to Plastipak BAWT, S.a.r.l, subsidiary of Plastipak Holdings, Inc., the company chosen during the competitive bidding process. The sale was previously authorised by the Commercial Court number 1 of Barcelona on 26 January 2015.

The Sale and Purchase agreement was signed on 31 March 2015 and due to the complexities of the debt structure of existing shareholder LSB, the sale transaction was an asset sale in the UK as a waiver to release share guarantees was blocked by LSB's syndicated loan holders. Unlike most asset sale deals however, due to a change in Spanish insolvency legislation the deal involved the sale of assets and various liabilities thus protecting the core business. The transaction was made effective on on 1 July 2015 which consisted of the transfer of all the business assets together as a group in one single transaction, as a going concern (TOGC).

On 24 December 2015, the completion accounts were finalized and signed by both the buyer and the seller. The transaction has been accounted for at 31 December 2015 and amounts receivable relating to the transaction have been recovered in full at the time of the preparation of these annual accounts.

Principal risks and uncertainties

Up to 30 June 2015, the Company operated in a competitive marketplace and acknowledges the continual potential risk that it may lose sales to its key competitors. The Company managed this risk by focusing on and developing its major strengths. These included securing a broad spread of long term contracts, expanding the product portfolio (through innovation and new design), delivering a quality service and, through a combination of all of these factors, building strong relationships with customers. In doing so the business had over a number of years been able to grow and operate at a level which generates significant economies of scale and drives down the cost to produce.

Major elements within the cost base, in particular raw materials, energy and fuel, had been subject to both volatility and significant increases over recent years. The potential risk this had on business profitability had been dealt with, where possible, by linking customer prices to the cost of these key components. Prices were thus changed, often on a monthly basis, to ensure that such volatility did not impact adversely on profit.

As from 1 July 2015, the company has ceased trading and is expected to go into liquidation, after the payment of the amounts due to the syndicated banks are made. All assets, principally intercompany receivables and cash proceeds from the sale of the business assets have been impaired to their net realizable value and no further adjustments are expected.

On 15 September 2015, in the Insolvency Proceedings 434/2013 of La Seda UK Ltd (formerly APPE U.K. Ltd) instigated in Spain, the Insolvency Administration FOREST PARTNERS ESTRADA Y ASOCIADOS, S.L.P. applied to the Commercial Court number 1 of Barcelona for the opening of the liquidation phase of the Company.

Based on the above, on 16 October 2015, the Commercial Court No. 1 of Barcelona, issued an Order approving the opening of the liquidation phase, the cessation of the Directors and the dissolution of the Company.

On 19 November 2015, the Insolvency Administration presented the Company's Liquidation Plan for the realisation of assets and rights included in the bankruptcy mass of assets, once the liquidation phase has been opened and after the completion of the sales process of the production units of the pan-European Packaging Division of La Seda de Barcelona Group, including La Seda UK Ltd to Plastipak Holdings, Inc. On 4 March 2016, the Commercial Court No. 1 of Barcelona, issued an order, approving the Liquidation Plan of La Seda UK Ltd.

The Insolvency Administration is currently working towards obtaining the final results of the realisation and sale of the assets of the Company, after the sale of the production unit and shall make the necessary arrangements for the registration of approved Court Orders on which the Liquidation Plan has been based upon, in the corresponding territory of the Company.

At 31 December 2015 the Company accounted for the provision for syndicate loan guarantee signed by the Parent Company. The amount recorded is based on the best estimate by the Director, taking into account the information available at the time the accounts are prepared.

Key performance indicators

As mentioned in the preceding paragraphs, the Company ceased trading on 1 July 2015. Total revenue for the six months ended 30 June 2016 amounted to 75 million sterling pounds. Operating loss for the year ended 31 December 2015 amounted to 238 million pounds sterling and includes exceptional costs of 252 million relating to the provision for guarantee of the syndicated loan signed by Parent company in 2010 as well as 15 million pounds of profit from the sale of the business assets to Plastipak UK.

As from 1 July 2015 the Company's activity will be focused on executing the Liquidation Plan approved by the Spanish Courts.

Future developments

Following the sale of all of the business assets to Plastipak, as from 1 July 2015, the company has ceased trading and its activity has been focused on the administrative tasks related to the transfer of assets to ensure compliance with local tax and company laws. It is the intention of the Directors to liquidate the company within the next financial year.

The company is one of the guarantors of the Syndicated Loan signed by its Parent Company in August 2010, which has a balance of Eur493m on 31 December 2015 (and at 31 December 2014). The company's balance sheet at the year-end consists mainly of the proceeds from the sale of these assets and the provision for guarantee, amounting to GBP51m and GBP260m, respectively.

On behalf of the board

....

Jóse Vicente Estrada Esteban
Director
16 September 2016

The director presents his annual report and financial statements for the year ended 31 December 2015.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

La Seda de Barcelona, S.A.	(Resigned 25 September 2015)
Artenius Holding SLU	(Resigned 25 September 2015)
Martin Hargreaves	(Resigned 30 June 2015)
Jóse Vicente Estrada Esteban	(Appointed 25 September 2015)

Results and dividends

The results for the year are set out on page 9.

The director is unable to declare a dividend.

Research and development

The primary aims of our research and development work were to improve the packaging and process technologies from both economic and environmental points of view. Improved technology helped us to continue meeting the expectations of our customers and end users.

Disabled persons

Applications for employment by disabled persons were always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort was made to ensure that their employment within the company continued and that the appropriate training was arranged.

Employee involvement

Up to the transfer of the business on 1 July 2015 the company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

On 1 July 2015 the Company transferred all its employees and related obligation to Plastipak.

Future developments

Following the sale of all of the business assets to Plastipak, from 1 July 2015 the company ceased trading and its activity has been focused on the administrative tasks related to the transfer of assets to ensure compliance with local tax and company laws. It is the intention of the Directors to liquidate the company within the next financial year.

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Change of name

The company changed its name from APPE U.K. Ltd. to La Seda UK Ltd on 10 July 2015.

On behalf of the board

....
José Vicente Estrada Esteban
Director
16 September 2016

For the year ended 31 December 2015

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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 auditors' report to the members of La Seda UK Ltd

Report on the financial statements

Our opinion

In our opinion, La Seda UK Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. Following the completion of the transaction to sell the trade and assets of the company, the Directors' intend to liquidate the company within the next financial year. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments were made in prior period financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2015;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

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 La Seda UK Ltd (continued)

Report on the financial statements

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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in 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.

Fiona Kelsey

Fiona Kelsey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
16 September 2016

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Income statement

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Revenue	3	74,890	162,018
Cost of sales		(52,650)	(116,953)
Gross profit		22,240	45,065
Administrative expenses		(25,809)	(44,168)
Other operating income		3,084	5,208
Profit on disposal of operations	4	15,440	-
Exceptional costs	5	(252,471)	-
Operating (loss)/profit	6	(237,516)	6,105
Investment income	10	1,053	1,230
Finance costs	11	(877)	(1,459)
(Loss)/profit before taxation		(237,340)	5,876
Taxation	12	(4,052)	(580)
(Loss)/profit for the financial year	25	(241,392)	5,296

The income statement has been prepared on the basis that all operations are discontinued.

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Statement of comprehensive income

For the year ended 31 December 2015

	2015 £'000	2014 £'000
(Loss)/profit for the year	(241,392)	5,296
Other comprehensive income		
Actuarial gain/(loss) on defined benefit pension schemes	-	(4,199)
Tax relating to other comprehensive income	-	683
Other comprehensive income for the year	-	(3,516)
Total comprehensive income for the year	(241,392)	1,780

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Statement of financial position

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Current assets			
Property, plant and equipment	13	-	19,700
Investments	14	-	8
Inventories	16	-	11,282
Trade and other receivables	17	11,816	23,048
Cash at bank and in hand		50,686	9,214
		62,502	63,252
Current liabilities	18	(47,508)	(62,327)
Provisions for liabilities	20	(260,252)	(1,376)
Net assets excluding pension liability		(245,258)	(451)
Defined benefit pension liability	22	-	(3,415)
Net liabilities		(245,258)	(3,866)
Equity			
Called up share capital	23	7,000	7,000
Share premium account	24	8,500	8,500
Retained earnings	25	(260,758)	(19,366)
Total equity		(245,258)	(3,866)

The notes to the financial statements on pages 13 to 39 are an integral part of these financial statements.

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on 16 September 2016 and are signed on its behalf by:

....
Jóse Vicente Estrada Esteban
Director

Company Registration No. 00408017

La Seda UK Ltd
(formerly APPE U.K. Ltd.)
Statement of changes in equity

For the year ended 31 December 2015

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2014	7,000	8,500	(21,146)	(5,646)
Year ended 31 December 2014:				
Profit for the year	-	-	5,296	5,296
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(4,199)	(4,199)
Tax relating to other comprehensive income	-	-	683	683
Total comprehensive income for the year	-	-	1,780	1,780
Balance at 31 December 2014	7,000	8,500	(19,366)	(3,866)
Year ended 31 December 2015:				
Profit and total comprehensive income for the year	-	-	(241,392)	(241,392)
Balance at 31 December 2015	7,000	8,500	(260,758)	(245,258)

1 Accounting policies

Company information

La Seda UK Ltd is a company limited by shares incorporated in England and Wales. The registered office is Ellice Way, Wrexham Technology Park, Wrexham, Clwyd, LL13 7YL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in UK sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of La Seda UK Ltd prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

La Seda UK Ltd (formerly APPE U.K. Ltd.) meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments and remuneration of key management personnel. La Seda de Barcelona, S.A., "en liquidación" ("LSB"), incorporated in Spain is the parent of the group in whose consolidated financial statements the results of La Seda UK Ltd (formerly APPE U.K. Ltd.) are included. The consolidated financial statements of LSB are publicly available and may be obtained from Av Remolar 2, 08820 El Prat de Llobregat, Barcelona, Spain.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

La Seda UK Ltd is a wholly owned subsidiary of La Seda Barcelona, S.A."en liquidación" ("LSB") and the results of La Seda UK Ltd are included in the consolidated financial statements of LSB.

1 Accounting policies (continued)

1.2 Going concern

Background

On 11 August 2010 La Seda UK Ltd (formerly APPE U.K. Ltd) acted as joint guarantor in favour of La Seda de Barcelona, S.A., "en liquidación", its Parent Company ("the Parent Company" or "LSB") in the Senior Facility Agreement (SFA and PIK loans) granted to the latter by several lenders forming the Syndicate loan. The principal amount signed with Deutsche Bank amounted to Eur428.667.000.

Insolvency Proceedings

On 17 June 2013, after several unsuccessful attempts to restructure the Syndicate loan, the Parent Company filed for voluntary insolvency proceedings. In order to block all attempts to enforce the guarantee by the lenders, the Parent Company took advantage of EC Regulations (EC 1346/2000) that allow for a declaration of voluntary insolvency at the level of all the subsidiaries located in the European Union territory.

The Insolvency Proceedings of LSB and 12 of its subsidiaries, including the La Seda UK Ltd was approved by the Mercantile Court of Barcelona Number 1 on 4 July 2013 by means of the Court Order 434/2013.

On 3 January 2014, after failing to reach an agreement with the creditors, the Parent Company's Board of Directors filed for the LSB's liquidation in the same Mercantile Court of Barcelona who approved the application on 30 January 2014. The same Court resolution ordered the cessation of the Parent Company's Board of Directors' functions as well as the Executive Committee's functions and these were replaced by Forest Partners, the Insolvency Administrators.

Sale of the Pan-European Production Unit

The Parent Company's Liquidation Plan was submitted to the Court on 4 March 2014 and was approved on 29 July 2014 and contemplated the sale of the entire Packaging Division (APPE). The Division consisted of the following companies. LSB Iberia, S.A.U. (formerly APPE Iberia, S.A.U.), LSB France, S.A.S., (formerly APPE France, S.A.S.), La Seda UK Ltd (formerly APPE U.K. Ltd), APPE Deutschland, GmbH and La Seda Benelux, NV (formerly APPE Benelux, NV), all of them under liquidation within the framework of the Insolvency Proceedings, as well as APPE Polska, Sp.zo.o., APPE Turkpack, A.Ş., APPE Maroc, S.A.R.L.A.U. (subsidiary of LSB Iberia, S.A.U.) and APPE Nordic AB (subsidiary of La Seda UK Ltd).

The Parent Company's Liquidation Plan contemplated as a first option, the sale of the Division by the transfer of the shareholdings as one pan-european production unit, by means of an international, public, competitive and transparent sale process that will maximize the sales value of the Division for a minimum price ("equity value") of 229 million euro. The sale requires the release of the guarantee granted by most of the companies ("waiver") but this waiver was not granted by the lenders of the Syndicated loan.

1 Accounting policies (continued)

The Court was informed about the failure to obtain the waiver and under these circumstances, the Insolvency Administration considered the second option in the Liquidation Plan which is to proceed with the joint sale of the production units as a group in a single transaction, of all the companies under Insolvency Proceedings (LSB Iberia, S.A.U.; LSB France, S.A.S.; La Seda UK Ltd; APPE Deutschland, GmbH; y La Seda Benelux, N.V.), the sale of the shares of APPE Polska, Sp.zo.o and the shareholdings of the companies not included in the Insolvency Proceedings (APPE Maroc, S.A.R.L.A.U., APPE Turkpack, A.Ş. and APPE Nordic AB), as well as the intellectual property rights owned by the Parent Company. The Court approved the asset sale on 29 July 2014.

On 13 October 2014 at the joint request of the Insolvency Administration and each of the Management Board of the companies, the Court issued an Order approving the suspension of the management powers of the Directors of LSB France, S.A.S., La Seda UK Ltd, APPE Deutschland, GmbH, La Seda Benelux, N.V., LSB Iberia, S.A.U. y APPE Polska, Sp.z.o.o. This action was done in order to guarantee the success of the sale of the Division, allowing the Insolvency Administration to directly negotiate and execute the sale, under the terms authorised by the Court.

Following the procedures established in the rules governing the process of the competitive sale, the Insolvency Administration selected three candidates for the second round of improved offers and candidate selected was Plastipak Holdings Inc. who offered the highest bid in terms of price for the Pan-European Packaging Division. Plastipak Holdings, Inc. offered 327.900 thousand euros after assigning a value to the business and assets of the Division amounting to 360.000 thousand euros and deducting certain assumed financial debt, pension and labour obligations. The offer also includes the voluntary assumption of all other claims against the estate relating to trade payables, labour, public and tax authorities, working capital requirements which will finally be deducted from the aforementioned price.

On 26 January 2015 the Mercantile Court of Barcelona issued an Order authorizing the sale of the Packaging Division to Plastipak Holdings, Inc. Several creditors appealed for reversal against the Court's decision. On 4 March and 10 April 2015, the Court dismissed the appeals made by the creditors who then launched a protest against the Court's ruling.

On 31 March 2015, the Master Share and Asset Purchase Agreement ("SPA") of the business assets of the Packaging Division was signed with the previously selected bidder, Plastipak BAWT, S.a.r.l, subsidiary of Plastipak Holding, Inc. The SPA was signed subject to conditions precedents, the most relevant one being the authorization by the European authorities on market competition. Once the conditions precedents were complied with, on 1 July 2015, the sale and purchase contracts specific to each company and territory were signed thereby making the transfer of the sale / shares effective.

On 24 December 2015, the Completion accounts were signed and the final price was agreed, after deducting the insolvent debts and credit against the estate which have been voluntarily assumed by the buyer, and the amounts were deposited in each of the company's bank accounts.

1 Accounting policies (continued)

For La Seda UK Ltd the total consideration for the business assets comprising of property, plant and equipment, trade and other receivables, inventories, trade and other payables as well as liabilities for pensions amounted to GBP53.694K and was satisfied by cash. The gain on disposal recognized in the profit and loss account for the year amounted to GBP15.440K (Note 4).

Opening of the Liquidation and dissolution phase of the Company

On 15 September 2015, after having completed the sale and transfer of the business assets, the Insolvency Administrators applied for the opening of the liquidation procedures of the Company. This was approved by the Mercantile Court on 16 October 2015 which also approved the company's dissolution.

On 19 November 2015, the mandatory Liquidation Plan was presented to the Court which was approved by means of a Court Order on 4 March 2016.

The Insolvency Administration is currently working towards obtaining the final results of the realization and sale of the assets of the Company, after the sale of the production unit and shall make the necessary arrangements for the registration of approved Court Orders on which the Liquidation Plan has been based upon, in the corresponding territory of the Company.

Due to these factors, in the prior year the Directors decided to prepare the financial statements on a basis other than going concern basis and have continued this policy for the current year and hence these financial statements are prepared on a basis other than going concern basis. It is the intention of the Directors to liquidate the company within the next financial year. Adjustments were made in prior period financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No adjustments were necessary in the current year.

1 Accounting policies (continued)

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	term of lease
Plant and machinery	3 to 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (continued)

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of non-current assets

At the current reporting end date there are no non-current assets. In previous reporting end dates, the company reviewed the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies (continued)

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Raw materials and consumables include returnable packaging used in the transportation of finished goods, the costs of which is being written off over 5 years to reflect the estimation of net realisable value, subject to any additional provisioning to reflect the net realisable value at the end of each year.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reversed, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1 Accounting policies (continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

1 Accounting policies (continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.17 Research and development

Research and development expenditure is written off to the income statement in the year it is incurred.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Provision for syndicated loan

The company is a guarantor, in part along with other fellow subsidiaries, to a syndicated loan liability entered into by its parent company. The total amount of the loan became due and commitments made by the guarantors crystallised 30 January 2014. The liability of the company is estimated based upon the cash resources of the company once all creditors have been settled. The cash resources of the company has been estimated based upon the agreement entered into to sell the business assets of the company.

3 Revenue

An analysis of the company's revenue is as follows:

	2015 £'000	2014 £'000
Turnover		
Sales of goods	74,103	162,018
Rendering of services	787	-
	74,890	162,018

3 Revenue (continued)

	2015 £'000	2014 £'000
Other significant revenue		
Interest income	1,053	1,230

Revenue analysed by geographical market

	2015 £'000	2014 £'000
United Kingdom	68,478	148,495
Rest of Europe	6,412	13,523
	74,890	162,018

4 Profit on disposal of operations

On 1 July 2015 the company sold its trade, assets and liabilities as follows:

	£'000
Property, plant and equipment	28,019
Investments	8
Trade and other receivables	22,001
Inventories	14,775
Trade and other payables	(22,591)
Provisions	(1,376)
Retirement benefit pension scheme	(3,265)
Deferred tax	683
	38,254
Gain on disposal	15,440
Total consideration	53,694

All consideration was satisfied by cash.

5 Exceptional costs

	2015	2014
	£'000	£'000
Syndicated loan liability	252,471	-

The above costs relate to the company's liability in party to a syndicated loan signed by its parent company in August 2010. The parent company entered into voluntary liquidation which involved the sale of its business units. The total amount of the loan became due and commitments made by the guarantors crystallised 30 January 2014. The estimated amount of the guarantee for each of the parent company guarantors was not determined until late April 2015.

6 Operating (loss)/profit

	2015	2014
Operating (loss)/profit for the year is stated after charging/(crediting):	£'000	£'000
Exchange losses	6,165	557
Depreciation of owned property, plant and equipment	-	2,376
Depreciation of property, plant and equipment held under finance leases	-	316
(Loss)/profit on disposal of property, plant and equipment	-	(464)
Cost of inventories recognised as an expense	52,650	116,953
Operating lease charges	458	2,962

7 Auditors' remuneration

	2015	2014
Fees payable to the company's auditor and its associates:	£'000	£'000
For audit services		
Audit of the company's financial statements	55	85
For other services		
All other non-audit services	70	-

8 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Indirect	177	162
Direct	116	115
	293	277

Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	6,242	12,062
Social security costs	596	1,146
Pension costs	542	1,044
	7,380	14,252

9 Director's remuneration

	2015 £'000	2014 £'000
Remuneration for qualifying services	157	257
Company pension contributions to defined contribution schemes	14	27
	171	284

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	157	257
Company pension contributions to defined contribution schemes	14	27

10 Investment income

	2015	2014
	£'000	£'000
Interest income		
Interest receivable from group companies	1,017	1,230
Other interest income	36	-
Total income	1,053	1,230

11 Finance costs

	2015	2014
	£'000	£'000
Interest on bank overdrafts and loans	162	331
Interest payable to group undertakings	702	983
Other interest	13	145
	877	1,459

12 Taxation

	2015	2014
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	4,052	586
Adjustments in respect of prior periods	-	(6)
Total current tax	4,052	580

The standard rate of tax applied to reported profit on ordinary activities is 20 percent (2014: 21 percent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2015.

12 Taxation (continued)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2015 £'000	2014 £'000
(Loss)/profit before taxation	(237,340)	5,876
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2014: 21.50%)	(48,655)	1,263
Tax effect of expenses that are not deductible in determining taxable profit	53,719	(26)
Tax effect of income not taxable in determining taxable profit	(528)	-
Unutilised tax losses carried forward	1,278	-
Adjustments in respect of prior years	-	(6)
Permanent capital allowances in excess of depreciation	(1,762)	(492)
Short term timing differences	-	(159)
Tax expense for the year	4,052	580

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2015 £'000	2014 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	-	(683)

13 Property, plant and equipment

	Land and buildings Leasehold	Assets under construction	Plant and machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2015	2,654	2,467	78,505	83,626
Additions	-	-	8,593	8,593
Disposals	(2,654)	(2,467)	(87,098)	(92,219)
At 31 December 2015	-	-	-	-
Depreciation and impairment				
At 1 January 2015	2,142	-	61,784	63,926
Eliminated in respect of disposals	(2,142)	-	(61,784)	(63,926)
At 31 December 2015	-	-	-	-
Carrying amount				
At 31 December 2015	-	-	-	-
At 31 December 2014	512	2,467	16,721	19,700

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £nil (2014 - £316,000).

	2015	2014
	£'000	£'000
Plant and machinery	-	1,269

14 Investments

	Notes	2015 £'000	2014 £'000
Investments in subsidiaries	15	-	8

Movements in investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2015	8
Disposals	(8)
At 31 December 2015	-
Carrying amount	
At 31 December 2015	-
At 31 December 2014	8

15 Subsidiaries

Details of the company's subsidiaries during the current and comparative year are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
APPE Nordic AB	Sweden	Packaging	Ordinary	100.00	-

16 Inventories

	2015 £'000	2014 £'000
Raw materials and consumables	-	2,722
Finished goods and goods for resale	-	8,560
	-	11,282

Included in inventories is an impairment provision of £nil (2014 - £618,486).

17 Trade and other receivables

Amounts falling due within one year:	2015 £'000	2014 £'000
Trade receivables	1	17,190
Amount due from parent undertaking	7,198	2,033
Other receivables	4,617	2,830
Prepayments and accrued income	-	312
	11,816	22,365
Deferred tax asset (note 21)	-	683
	11,816	23,048

Trade receivables are stated after provisions for impairment.

18 Current liabilities

	Notes	2015 £'000	2014 £'000
Obligations under finance leases	19	-	163
Trade payables		1	2,583
Amounts due to subsidiary undertakings		43,368	41,371
Corporation tax		4,068	1,720
Other taxation and social security		-	4,261
Other payables		-	854
Accruals and deferred income		71	11,375
		47,508	62,327

19 Finance lease obligations

Future minimum lease payments due under finance leases:	2015 £'000	2014 £'000
Within one year	-	163

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease obligations are secured on the assets to which they relate to.

20 Provisions for liabilities

	2015 £'000	2014 £'000
Leasehold property dilapidations	-	1,376
Syndicated loan provision	260,252	-
	260,252	1,376

Movements on provisions:

	Leasehold property dilapidations £'000	Syndicated loan provision £'000	Total £'000
At 1 January 2015	1,376	-	1,376
Additional provisions in the year	-	260,252	260,252
Other movements	(1,376)	-	(1,376)
At 31 December 2015	-	260,252	260,252

The Company is a joint guarantor for the full amount of the Syndicated Loan signed in 2010 by its parent company, La Seda de Barcelona, S.A., "en liquidación". The Director estimates the Company's liability towards this guarantee to be Eur355 million, equivalent to £260 million at year end. The amount outstanding on the Syndicated Loan at 31 December 2015 is Eur493 million, including interest accrued.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting

	Assets 2015 £'000	Assets 2014 £'000
Balances:		
Retirement benefit obligations	-	683

	2015 £'000
Movements in the year:	
Liability/(Asset) at 1 January 2015	(683)
Transfer on disposal	683
Liability at 31 December 2015	-

22 Retirement benefit schemes

Defined contribution schemes

The company operated a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £542,000 (2014 - £1,044,000).

22 Retirement benefit schemes (continued)

Defined benefit schemes

During the period up until 1 July 2015 the Company operated a funded defined benefit pension scheme which is contracted out of the state scheme. The scheme is now closed and therefore future accruals for existing members have ceased. It provides benefits based on final pensionable pay and the assets of the scheme are held separately from those of the Company.

The best estimate of annual contributions to be paid by the employer to the defined benefit section of the scheme for the period beginning after 31 December 2010 is £300,000 annually.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2014 by Mercer. The present value of the defined benefit obligation; the related current service cost and past service cost were measured using the projected unit credit method.

On 1 July 2015 the defined benefit benefit scheme was transferred along with other assets and liabilities of the company as detailed in note 4.

Key assumptions

	2015	2014
	%	%
Discount rate	-	3.75
Expected rate of increase of pensions in payment	-	3.10
Expected rate of salary increases	-	n/a
Inflation assumption (RPI)	-	3.10
Inflation assumption (CPI)	-	2.10
Post 2005 pension increase	-	2.10

Mortality assumptions

The assumed life expectations on retirement are n/a (2014 - 92.4 years).

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out of practice.

Amounts recognised in the income statement:

	2015	2014
	£'000	£'000
Net interest on defined benefit liability/(asset)	-	(484)

22 Retirement benefit schemes (continued)

Amounts taken to other comprehensive income:

	2015 £'000	2014 £'000
Actual return on scheme assets	-	(2,600)
Less: calculated interest element	-	1,985
Return on scheme assets excluding interest income	-	(615)
Actuarial changes related to obligations	-	6,151
Movement in unrecognised plan surplus	-	(1,337)
Total costs	-	4,199

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2015 £'000	2014 £'000
Present value of defined benefit obligations	-	38,775
Fair value of plan assets	-	(35,360)
Deficit in scheme	-	3,415

Movements in the present value of defined benefit obligations:

	2015 £'000
Liabilities at 1 January 2015	38,775
Disposal	(38,775)

The defined benefit obligations arise from plans which are wholly or partly funded.

22 Retirement benefit schemes (continued)

Movements in the fair value of plan assets:

	2015 £'000
Fair value of assets at 1 January 2015	35,360
Contributions by the employer	150
Disposal	(35,510)
At 31 December 2015	-

The actual return on the scheme assets for the year was a net gain of £nil (2014 - £2,600,000).

The fair value of plan assets at the reporting period end was as follows:

	2015 £'000	2014 £'000
Equities	-	19,830
Government & corporate bonds	-	15,389
Cash	-	141
	-	35,360

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.00% assumption at 31 December 2014.

23 Share capital

	2015 £'000	2014 £'000
Ordinary share capital		
Issued and fully paid		
7,000,000 Ordinary shares of £1 each	7,000	7,000

The Ordinary shares have no restrictions on the distribution of dividends or repayment of capital.

24 Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

25 Retained earnings

The retained earnings represents accumulated comprehensive income for the year and prior periods, net of dividends and other adjustments.

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties and certain vehicles. Property leases are negotiated for an average term of 18 years. Vehicle leases are negotiated for an average term of 3 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £'000	2014 £'000
Within one year	-	2,092
Between two and five years	-	2,486,255
In over five years	-	12,629
	-	2,500,976

27 Related party transactions

The company participates as a guarantor to the syndicated loan signed by its parent company in 2010. See note 5.

28 Controlling party

The ultimate parent undertaking and controlling party is La Seda de Barcelona, S.A., "en liquidación" ("LSB"), incorporated in Spain.

The largest group in which the results of the Company are consolidated is that headed by La Seda de Barcelona, S.A., "en liquidación" ("LSB"). The consolidated financial statements of LSB are publicly available and may be obtained from Av Remolar 2, 08820 El Prat de Llobregat, Barcelona, Spain. No other group financial statements include the results of the company.

29 Reconciliations on adoption of FRS 102

The transition to FRS 102 from previous UK GAAP has not resulted in any changes which have affected the reported financial performance of the company. However, the following adjustment has arisen which has affected the presentation of these items in the statement of financial position but has had no effect on net equity or total comprehensive income.

Deferred tax relating to pension scheme

FRS 102 requires all deferred tax to be presented within provisions for liabilities and deferred tax assets within debtors. Previously under UK GAAP deferred tax relating to defined benefit pension schemes was included within the net pension asset or deficit.