

Siliconpak Limited

**Directors' report and financial
statements**

Registered number 01729156

31 December 2014



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activity

The company's principal activity during the year was the manufacture of silicon based packaging, bakery packaging materials and point of purchase displays.

Dividends

The directors recommended the payment of a dividend of £nil (2013: £nil).

Directors

The following directors served during the year:

R Smith
PW Squibb

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director 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 auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



PW Squibb
Company Secretary

Salcombe Road
Meadow Lane Industrial Estate
Alfreton
Derbyshire
DE55 7EZ

..... 26 MAR 2015

Strategic report

Business review

The results for the year are set out in the profit and loss account on page 5.

The Company's objective is to continue its development of the growing business concentrating on its capabilities to deliver complete solutions for siliconised packaging, a wide range of speciality papers and liners for food and industrial purposes and co-packaging and fulfilment. It will continue to develop niche products, attuned to the company's skills and product offerings that will add profitable revenue. This business approach will deliver customers first class service, quality and product innovation that will differentiate the business from its competition.

Despite an economic environment, which continues to be challenging, the Company increased revenue modestly to £2.8M. However, due to a small fall in gross profit percentage, gross profit was maintained at 2013 levels but this coupled with increased overheads produced an operating loss of £105K. The increased overheads are associated with initiatives to further develop its integrated fulfilment business through investment and people. Interest charges of £26K were little changed from 2013 levels producing a £131K loss before tax for the year.

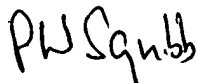
The directors remain confident that the business approach of providing customers with innovative, sustainable and cost effective paper-based packaging and fulfilment solutions, while continuing to introduce new services during the first quarter of 2015, and to invest in both plant and people, will enable it to secure further profitable business.

The directors are of the opinion the Company's forecasts and projections show that it will be able to operate within its banking facilities and have formed the judgement that there is a confident expectation that it has adequate resources to continue in operational existence for the foreseeable future.

Principle risks and uncertainties

The Company faces various risks which could have a material effect on its performance. The Company seeks to mitigate its insurable risks through an insurance programme that covers liability and property risks. The cyclical nature of the packaging industry could result in oversupply and put downward pressure on prices in an already competitive market. Should the UK economy not grow as anticipated this could be damaging to the Company's financial position. Raw material price fluctuations and energy costs could adversely affect the Company's manufacturing costs. The Company is exposed to interest rate rises on its borrowings for its investments and working capital requirements, however, rates would have to increase steeply to adversely affect its results significantly. The Company has assumed that its sources of credit remain available; naturally any reduction in availability would restrict growth.

By order of the board



PW Squibb
Company Secretary

Salcombe Road
Meadow Lane Industrial Estate
Alfreton
Derbyshire
DE55 7EZ

26 MAR 2015

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Siliconpak Limited

We have audited the financial statements of Siliconpak Limited for the year ended 31 December 2014 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Flanagan (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

26 March 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover	<i>1</i>	2,826,333	2,708,539
Cost of sales		(2,160,966)	(2,041,649)
Gross profit		665,367	666,890
Distribution costs		(188,397)	(180,885)
Administrative expenses		(582,415)	(513,485)
Operating loss		(105,445)	(27,480)
Interest paid and similar charges	<i>4</i>	(26,124)	(24,600)
Loss on ordinary activities before tax	<i>5</i>	(131,569)	(52,080)
Tax on loss on ordinary activities	<i>6</i>	32,632	6,192
Loss for the year	<i>12</i>	(98,937)	(45,888)

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

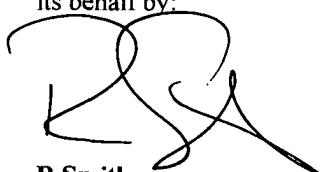
There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

Balance sheet
as at 31 December 2014

	Note	2014	2013
		£	£
Fixed assets			
Tangible assets	7	95,251	81,986
Current assets			
Stocks	8	111,040	187,649
Debtors	9	679,949	824,688
Cash at bank and in hand		34,437	34,239
		<u>825,426</u>	<u>1,046,576</u>
Creditors: amounts falling due within one year	10	<u>(922,766)</u>	<u>(1,036,562)</u>
Net current (liabilities)/assets		<u>(97,340)</u>	<u>10,014</u>
Total assets less current liabilities		<u>(2,089)</u>	<u>92,000</u>
Creditors: amounts falling due after more than one year	10	<u>(4,848)</u>	<u>-</u>
Net (liabilities)/assets		<u>(6,937)</u>	<u>92,000</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(7,037)	91,900
Equity shareholders' (deficit)/funds	13	<u>(6,937)</u>	<u>92,000</u>

These financial statements were approved by the board of directors on **26 MAR 2015** and were signed on its behalf by:


R Smith
Director

Company registered number: 01729156

Cash flow statement

for the year ended 31 December 2014

	<i>Note</i>	2014	2013
		£	£
Net cash inflow from operating activities	14	279,154	38,766
Returns on investments and servicing of finance			
Interest paid		(26,124)	(24,600)
		(26,124)	(24,600)
Capital expenditure			
Payments to acquire tangible fixed assets		(32,433)	(21,012)
		(32,433)	(21,012)
Financing			
(Decrease)/increase in loans		(231,624)	31,414
New leases and loans during the year		11,227	-
		(220,397)	31,414
Increase/(decrease) in cash	15	200	24,568

Reconciliation of net cash flow to movement in net debt

for the year ended 31 December 2014

	<i>Note</i>	2014	2013
		£	£
Increase in cash in the year	15	200	25,568
Cash flow from change in debt and finance leases		220,397	(32,414)
Change in net debt resulting from cash flows		220,597	(6,846)
Net debt at beginning of the year		(320,879)	(314,033)
Net debt at end of the year	15	(100,282)	(320,879)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with applicable accounting standards.

The company made a loss during the year of £99,000, returning it to a net liabilities of £7,000. Through the close control and management of cash flows and working capital the company remained within its banking facilities, which remain broadly unchanged year on year.

The company meets its day to day working capital requirements through an invoice discounting facility which is repayable on demand. The directors have prepared projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. On the basis of this cash flow information and discussions with the company's bankers, the directors consider that the company can continue to operate within the facility currently agreed.

The parent company holds a third party loan for £440,000. The parent company has commenced negotiations with the provider of the third party loan, which was all due for repayment during 2014. Both parties have verbally confirmed their commitment to a new schedule of repayments which is designed around the free cash flow of the group over the next few years. The directors therefore consider that the Group can continue to make these payments as they fall due. This arrangement is expected to be formalised over the next few weeks.

Based on the above cash flow projections and discussion with the company's bankers the directors consider that the company will continue to operate within its facilities for the next twelve months from the date of their approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Turnover

Turnover represents sales to external customers at invoiced amount less value added tax. All turnover arises from continuing activities.

Depreciation

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives:

Plant and machinery	- over 3 to 10 years
Leasehold improvements	- over 10 years
Motor vehicles	- over 2 to 4 years

Stocks

Stocks are stated at the lower of cost and net realisable value using the first in first out method. Cost comprises direct materials and labour costs. Net realisable value is the estimated selling price reduced by any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are only recognised to the extent that they are considered to be recoverable in the foreseeable future.

Notes (continued)

1 Accounting policies (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences are recognised in the profit and loss account.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

Pensions

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds.

2 Employees and directors

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

	2014 Number	2013 Number
Production	34	25
Management and administration	2	2
	<hr/> 36 <hr/>	<hr/> 27 <hr/>
	2014	2013
	£	£
<i>Salaries, wages and other costs:</i>		
Wages and salaries	589,326	464,763
Social security costs	43,237	35,554
Other pension costs	26,743	21,541
	<hr/> 659,306 <hr/>	<hr/> 521,858 <hr/>

3 Remuneration of directors

No director received any remuneration from the company during the year (2013: £nil).

Notes (continued)

4 Interest payable and similar charges

	2014 £	2013 £
Finance charges payable in respect of finance leases	767	-
Finance charges payable in respect of invoice discounting agreement	25,357	24,600
	<u>26,124</u>	<u>24,600</u>

5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets	19,168	15,107
Operating lease rentals - land and buildings	159,364	159,364
	<u>178,532</u>	<u>174,471</u>
<i>Auditors' remuneration:</i>		
- audit of these financial statements	6,600	6,600
- other services relating to taxation	2,100	2,100
	<u>8,700</u>	<u>8,700</u>

6 Tax on loss on ordinary activities

	2014 £	2013 £
Corporation tax (credit) at 21.49% (2013: 23.25%)	(32,632)	(6,192)
	<u>(32,632)</u>	<u>(6,192)</u>
Total current tax charge	(32,632)	(6,192)
Transfer from deferred taxation account		
- current year	-	-
- adjustment to prior year	-	-
	<u>-</u>	<u>-</u>
Total deferred tax charge	-	-
	<u>(32,632)</u>	<u>(6,192)</u>
Total tax (credit)	(32,632)	(6,192)

Notes (continued)

6 Tax on loss on ordinary activities (continued)

Factors affecting the tax credit for the current year

The current tax credit is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
<i>Current tax reconciliation:</i>		
Loss on ordinary activities before tax	(131,569)	(52,080)
	<u> </u>	<u> </u>
Current tax at 21.49% (2013: 23.25%)	(28,278)	(12,107)
	<u> </u>	<u> </u>
<i>Effects of:</i>		
Capital allowances for the year (less than)/greater than depreciation	(2,435)	3,872
Expenses not deductible for tax purposes	367	6
Other short term timing differences	-	(584)
Transfer pricing adjustment	(2,286)	(3,463)
Unrelieved tax losses	-	6,084
	<u> </u>	<u> </u>
Total current tax credit	(32,632)	(6,192)
	<u> </u>	<u> </u>

(c) *Factors that may affect future tax charges*

Reductions in the UK corporation tax rate to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax balances at 31 December 2014 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

There is an unrecognised deferred tax asset of £15,986 (2013: £32,080) for losses incurred.

7 Tangible fixed assets

	Leasehold improvements £	Plant, machinery and equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>				
At 1 January 2014	98,367	428,049	16,696	543,112
Additions	-	32,433	-	32,433
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	98,367	460,482	16,696	575,545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Accumulated depreciation</i>				
At 1 January 2014	98,367	346,063	16,696	461,126
Provided for the year	-	19,168	-	19,168
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	98,367	365,231	16,696	480,294
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>				
At 31 December 2014	-	95,251	-	95,251
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013	-	81,986	-	81,986
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included in the total net book value of plant, machinery and equipment is £10,525 (2013: nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £702 (2013: nil).

Notes (continued)

8 Stocks

	2014 £	2013 £
Raw materials	63,030	153,246
Work in progress	12,307	10,870
Finished goods	35,703	23,533
	<u>111,040</u>	<u>187,649</u>

9 Debtors

	2014 £	2013 £
<i>Amounts falling due within one year:</i>		
Trade debtors	525,145	528,988
Amounts owed by group undertakings	119,373	263,170
Other debtors	284	1,500
Prepayments and accrued income	35,147	31,030
	<u>679,949</u>	<u>824,688</u>

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	125,360	355,118
Trade creditors	593,736	503,575
Amounts owed to group undertakings	121,249	67,612
Obligations under finance leases	4,513	-
Other taxation and social security	37,361	64,981
Other creditors	314	162
Accruals and deferred income	40,233	45,114
	<u>922,766</u>	<u>1,036,562</u>
<i>Amounts falling due after more than one year</i>		
Obligations under finance leases	<u>4,848</u>	<u>-</u>

A finance leases was entered into in 2014 for £11,227 repayable over a three year period by monthly instalments at an annual rate of 12.6%. At 31 December 2014, the amount outstanding on this finance lease amounted to £9,361.

On 30 November 2007, the company entered into an invoice discounting agreement with RBS Invoice Finance Limited. At 31 December 2014, £125,360 (2013: £355,118) was outstanding under this agreement. The loan is secured against the debtors which are the subject of this arrangement.

11 Called up share capital

	2014 £	2013 £
<i>Ordinary shares of £1 each:</i>		
Allotted, called up and fully paid	<u>100</u>	<u>100</u>

Notes (continued)

12 Profit and loss account

	2014 £	2013 £
At 1 January	91,900	137,788
Loss for the year	(98,937)	(45,888)
	<hr/>	<hr/>
At 31 December	(7,037)	91,900
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' (deficit)/funds

	2014 £	2013 £
(Loss)/profit for the year	(98,937)	(45,888)
	<hr/>	<hr/>
Net movement in shareholders' (deficit)/funds	(98,937)	(45,888)
Opening shareholders' funds	92,000	137,888
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(6,937)	92,000
	<hr/>	<hr/>

14 Reconciliation of operating loss to net cash flow from operating activities

	2014 £	2013 £
Operating loss	(105,445)	(27,480)
Depreciation	19,168	15,107
Decrease/(increase) in stocks	76,609	(17,043)
Decrease/(increase) in debtors	177,371	(268,758)
Increase/(decrease) in creditors	111,451	336,940
	<hr/>	<hr/>
	279,154	38,766
	<hr/>	<hr/>

15 Analysis of changes in net debt

	At 1 Jan 14 £	Cash flow £	At 31 Dec 14 £
Loans due in less than one year	(355,118)	229,758	(125,360)
Cash at bank and in hand	34,239	200	34,439
	<hr/>	<hr/>	<hr/>
	(320,879)	229,958	(90,921)
Finance lease:			
Due in less than one year	-	(4,513)	(4,513)
Due in more than one year	-	(4,848)	(4,848)
	<hr/>	<hr/>	<hr/>
	(320,879)	220,597	(100,282)
	<hr/>	<hr/>	<hr/>

Notes (continued)

16 Pensions

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £26,743 (2013: £21,541).

17 Related parties

During the year £206,550 (2013: £199,624) of goods and services were sold to Charapak Limited, a fellow subsidiary. At 31 December 2014 the debtor associated with this trade amounted to £18,378 (2013: £16,135). Purchases of goods and services during the year from Charapak Limited amounted to £164,977 (2013: £236,325). At 31 December 2014 the creditor associated with this trade was £6,881 (2013: £38,490). There was a recharge during the year from Charapak Limited to Siliconpak Limited of £18,000 (2013: £18,000).

18 Ultimate parent company

The company's ultimate parent company and controlling party is Charapak Speciality Packaging Limited.

Copies of the financial statements for Charapak Speciality Packaging Limited may be obtained from the Company Secretary, Salcombe Road, Meadow Lane Industrial Estate, Alfreton, Derbyshire, DE55 7EZ.