

COMPANY REGISTRATION NUMBER 1742817

ATLAS PACKAGING LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2008

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ATLAS PACKAGING LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

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ATLAS PACKAGING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|---|
| The board of directors | A Gamble J Sharman N P Jarvis M C Reeve C A Gamble |
| Company secretary | M C Reeve |
| Registered office | Barron Way Roundswell Business Park Barnstaple Devon EX31 3TT |
| Auditor | Old Mill Accountancy LLP Chartered Accountants & Registered Auditor Berkeley House Dix's Field Exeter EX1 1PZ |
| Bankers | HSBC Bank plc 38 High Street Exeter Devon EX4 3LP |

ATLAS PACKAGING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

Principal activities and business review

The company's principal activity during the year was the design, manufacture and merchandising of cardboard packaging.

2008 saw the onset of the recession which had a significant impact on the corrugated cardboard sector with volumes down by some 25-30%. Atlas was not immune to the effects of the downturn and saw its sales volumes fall by some 5%. The directors have responded to market conditions by restructuring the company's cost base. This involved certain amounts of one-off expenditure, including redundancy costs which together with the reduced sales have resulted in an overall loss for the year after tax of £77,429.

The company has been successful in securing new business since the year end and, having made the changes referred to above, it has returned to profitability and is well placed to take advantage of the economic upturn when it comes.

The directors monitor the performance of the company by preparing annual budgets in advance, and monitoring performance using a number of financial key performance indicators, including:

- > Turnover on a daily basis
- > Gross margin
- > Net margin
- > Personnel costs
- > Debtor days
- > Monthly cashflow

Since the year end, performance has been in line with budget.

Results and dividends

The loss for the year amounted to £77,429. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and, where necessary to fund capital expenditure programmes, through bank borrowings.

The directors' objectives are to:

- retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- manage the company's exposure to fluctuating interest rates when considering financing options for new equipment; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows from the company's trading activities.

Hedging instruments are not used by the company.

ATLAS PACKAGING LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

Directors

The directors who served the company during the year were as follows:

A Gamble
J Sharman
N P Jarvis
M C Reeve
C A Gamble

Directors' insurance

The company has paid for legal liability insurance for Directors and Officers. Indemnity is limited to £250,000.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

ATLAS PACKAGING LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2008

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'M C Reeve', with a horizontal line underneath.

M C Reeve
Company Secretary

Approved by the directors on ...9 August 2009

ATLAS PACKAGING LIMITED
INDEPENDENT AUDITOR'S REPORT TO ATLAS PACKAGING LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts, together with the financial statements of Atlas Packaging Limited for the year ended 31 December 2008 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Berkeley House
Dix's Field
Exeter
EX1 1PZ

14 August 2009

Old Mill Accountancy Ltd

OLD MILL ACCOUNTANCY LLP
Chartered Accountants
& Registered Auditor

ATLAS PACKAGING LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

| | Note | 2008 £ | 2007 £ |
|---|----------|------------------|----------------|
| Gross profit | | 2,338,516 | 2,654,170 |
| Administrative expenses | | (2,223,800) | (2,070,683) |
| Operating profit | 2 | <u>114,716</u> | <u>583,487</u> |
| Loss on disposal of fixed assets | | (42,500) | — |
| Interest payable and similar charges | 5 | (173,936) | (197,498) |
| (Loss)/profit on ordinary activities before taxation | | <u>(101,720)</u> | <u>385,989</u> |
| Tax on (loss)/profit on ordinary activities | 6 | 24,291 | 8,442 |
| (Loss)/profit for the financial year | | <u>(77,429)</u> | <u>394,431</u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 19 form part of these abbreviated accounts.

ATLAS PACKAGING LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2008

| | Note | 2008 £ | 2007 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 2,384,009 | 2,695,279 |
| Current assets | | | |
| Stocks | 8 | 409,735 | 540,154 |
| Debtors | 9 | 2,546,533 | 2,926,304 |
| Cash at bank and in hand | | 44,960 | 139 |
| | | <u>3,001,228</u> | <u>3,466,597</u> |
| Creditors: Amounts falling due within one year | 11 | <u>3,742,154</u> | <u>4,130,227</u> |
| Net current liabilities | | (740,926) | (663,630) |
| Total assets less current liabilities | | <u>1,643,083</u> | <u>2,031,649</u> |
| Creditors: Amounts falling due after more than one year | 13 | <u>802,983</u> | <u>1,114,120</u> |
| | | <u>840,100</u> | <u>917,529</u> |
| Capital and reserves | | | |
| Called-up equity share capital | 17 | 525,000 | 525,000 |
| Share premium account | 18 | 337,500 | 337,500 |
| Profit and loss account | 19 | (22,400) | 55,029 |
| Shareholders' funds | 20 | <u>840,100</u> | <u>917,529</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors and authorised for issue on 9 August 2009 and are signed on their behalf by:



A Gamble
Director

The notes on pages 9 to 19 form part of these abbreviated accounts.

ATLAS PACKAGING LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2008

| | Note | 2008 £ | 2007 £ |
|--|-----------|----------------------|------------------------|
| Net cash inflow from operating activities | 21 | 1,036,308 | 390,077 |
| Returns on investments and Servicing of finance | | | |
| Interest paid | | (89,279) | (102,693) |
| Interest element of hire purchase | | <u>(84,657)</u> | <u>(94,805)</u> |
| Net cash outflow from returns on investments and servicing of finance | | (173,936) | (197,498) |
| Capital expenditure | | | |
| Payments to acquire tangible fixed assets | | (109,409) | (471,879) |
| Receipts from sale of fixed assets | | <u>7,500</u> | <u>-</u> |
| Net cash outflow from capital expenditure | | (101,909) | (471,879) |
| Cash inflow/(outflow) before financing | | 760,463 | (279,300) |
| Financing | | | |
| Repayment of bank loans | | (539,741) | (143,040) |
| Net inflow from long-term trade creditors | | - | 467,256 |
| Capital element of hire purchase | | <u>(155,881)</u> | <u>(126,127)</u> |
| Net cash (outflow)/inflow from financing | | (695,622) | 198,089 |
| Increase/(decrease) in cash | 21 | <u>64,841</u> | <u>(81,211)</u> |

The notes on pages 9 to 19 form part of these abbreviated accounts.

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Going concern

Considering the current economic environment, the directors have taken steps to manage costs within the business, through enhancing financial controls within the business, reducing staff costs, and taking steps to negotiate better prices for cardboard from suppliers. New customers have been won, enhancing the quality and volume of orders. Budgets and forecasts have been prepared taking these elements into account, which estimate a return to profitability for the coming year. Performance to date has been in line with budget expectations and there is no reason to believe that this will not continue for the foreseeable future. The company continues to meet all of its financial obligations and is currently ahead of its repayment schedule for group senior debt. This position is expected to continue. Taking these items into account, the directors believe it is appropriate to prepare accounts on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

| | |
|---------------------|-----------------------------|
| Plant & Machinery | - 7.5% - 8.3% straight line |
| Computer Equipment | - 3 years straight line |
| Fixtures & Fittings | - 10% straight line |

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on selling price less gross profit margin.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

1. Accounting policies *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

2. Operating profit

Operating profit is stated after charging/(crediting):

| | 2008 £ | 2007 £ |
|--|----------------|-----------|
| Depreciation of owned fixed assets | 249,696 | 231,236 |
| Depreciation of assets held under hire purchase agreements | 120,983 | 83,172 |
| Auditor's remuneration | | |
| - as auditor | 12,090 | 8,750 |
| - for other services | 5,610 | 3,200 |
| Operating lease costs: | | |
| - Plant and equipment | 292,636 | 243,258 |
| - Other | 379,474 | 369,440 |
| Net profit on foreign currency translation | <u>(4,462)</u> | <u>—</u> |

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

| | 2008 No | 2007 No |
|--|------------|------------|
| Number of production staff | 66 | 64 |
| Number of selling, administrative and management staff | <u>26</u> | <u>35</u> |
| | 92 | 99 |

The aggregate payroll costs of the above were:

| | 2008 £ | 2007 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,141,206 | 2,102,837 |
| Social security costs | 208,699 | 204,930 |
| | <u>2,349,905</u> | <u>2,307,767</u> |

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

| | 2008 £ | 2007 £ |
|----------------------|----------------|----------------|
| Aggregate emoluments | <u>404,017</u> | <u>389,873</u> |

Emoluments of highest paid director:

| | 2008 £ | 2007 £ |
|--|----------------|----------------|
| Total emoluments (excluding pension contributions) | <u>165,657</u> | <u>159,183</u> |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

4. Directors' emoluments (continued)

There were no directors accruing benefits under the company pension schemes during the period.

5. Interest payable and similar charges

| | 2008 | 2007 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Interest payable on bank borrowing | 89,279 | 95,239 |
| Finance charges | 84,657 | 94,805 |
| Other similar charges payable | — | 7,454 |
| | <u>173,936</u> | <u>197,498</u> |

6. Taxation on ordinary activities

Analysis of charge in the year

| | 2008 | | 2007 | |
|--|----------|-----------------|-----------|----------------|
| | £ | £ | £ | £ |
| Deferred tax: | | | | |
| Origination and reversal of timing differences (note 10) | | | | |
| Capital allowances | (27,387) | | 168,356 | |
| Effect of changed tax rate on opening balance | 3,096 | | — | |
| Losses | — | | (176,798) | |
| Total deferred tax (note 10) | | <u>(24,291)</u> | | <u>(8,442)</u> |

No corporation tax liability arises for the current year due to the availability of tax losses brought forward from previous years. The company has tax losses of £1.33m (2007: £1.33m) available for offset against future trading profits.

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%).

| | 2008 | 2007 |
|---|------------------|----------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | <u>(101,720)</u> | <u>385,989</u> |
| (Loss)/profit on ordinary activities by rate of tax | (28,990) | 115,797 |
| Expenses not deductible for tax purposes | 1,114 | 3,029 |
| Capital allowances for period in excess of depreciation | 27,876 | (134,894) |
| Unrelieved tax losses | — | 16,068 |
| Total current tax | <u>—</u> | <u>—</u> |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

7. Tangible fixed assets

| | Plant & equipment £ | Computer equipment £ | Fixtures and fittings £ | Total £ |
|----------------------------|--|-------------------------------------|--|--------------------|
| Cost | | | | |
| At 1 January 2008 | 3,784,366 | 137,733 | 279,608 | 4,201,707 |
| Additions | 83,198 | 16,047 | 10,164 | 109,409 |
| Disposals | (148,500) | — | — | (148,500) |
| At 31 December 2008 | 3,719,064 | 153,780 | 289,772 | 4,162,616 |
| Depreciation | | | | |
| At 1 January 2008 | 1,228,080 | 112,571 | 165,777 | 1,506,428 |
| Charge for the year | 327,246 | 16,935 | 26,498 | 370,679 |
| On disposals | (98,500) | — | — | (98,500) |
| At 31 December 2008 | 1,456,826 | 129,506 | 192,275 | 1,778,607 |
| Net book value | | | | |
| At 31 December 2008 | 2,262,238 | 24,274 | 97,497 | 2,384,009 |
| At 31 December 2007 | 2,556,286 | 25,162 | 113,831 | 2,695,279 |

Hire purchase agreements

Included within the net book value of £2,384,009 is £1,239,556 (2007 - £1,312,029) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £120,983 (2007 - £83,172).

8. Stocks

| | 2008 £ | 2007 £ |
|----------------|-------------------|-------------------|
| Finished goods | 409,735 | 540,154 |

9. Debtors

| | 2008 £ | 2007 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 1,921,980 | 2,449,656 |
| Amounts owed by group undertakings | 411,685 | 225,203 |
| Prepayments and accrued income | 142,135 | 205,003 |
| Deferred taxation (note 10) | 70,733 | 46,442 |
| | 2,546,533 | 2,926,304 |

Trade debtors of £1,921,980 (2007 - £2,449,656) are subject to the invoice discounting facility.

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

10. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

| | 2008 £ | 2007 £ |
|------------------------------|-----------|-----------|
| Included in debtors (note 9) | 70,733 | 46,442 |

The movement in the deferred taxation account during the year was:

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Balance brought forward | 46,442 | 38,000 |
| Profit and loss account movement arising during the year | 24,291 | 8,442 |
| Balance carried forward | 70,733 | 46,442 |

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| Excess of taxation allowances over depreciation on fixed assets | (300,888) | (351,724) |
| Tax losses available | 371,621 | 398,166 |
| | 70,733 | 46,442 |

A deferred tax asset of £70,733 (2007 - £46,442) has been recognised in respect of forecast taxable profits for 2009.

11. Creditors: Amounts falling due within one year

| | 2008 £ | 2007 £ |
|------------------------------------|-----------|-----------|
| Bank loans and overdrafts | 1,570,998 | 1,987,759 |
| Trade creditors | 1,591,915 | 1,541,446 |
| Other taxation and social security | 295,169 | 332,505 |
| Hire purchase agreements | 206,689 | 194,433 |
| Other creditors | 12,597 | — |
| Accruals and deferred income | 64,786 | 74,084 |
| | 3,742,154 | 4,130,227 |

Included within bank loans and overdrafts is an amount of £1,426,035 (2007: £1,822,776) representing funds drawn down in advance from an invoice discounting facility.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | 2008 £ | 2007 £ |
|---------------------------|-----------|-----------|
| Bank loans and overdrafts | 143,000 | 143,000 |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

12. Net Current Liabilities

At the year end the balance sheet showed net current liabilities of £740,926. However, this is due to the company's drawdown on its discounting facility. Although this is technically repayable within one year, the directors do not consider there to be a risk that the facility will be withdrawn. On this basis, the directors believe that it is appropriate to prepare the accounts on a going concern basis.

13. Creditors: Amounts falling due after more than one year

| | 2008 £ | 2007 £ |
|---------------------------|----------------|------------------|
| Bank loans and overdrafts | 166,833 | 309,833 |
| Hire purchase agreements | 636,150 | 804,287 |
| | <u>802,983</u> | <u>1,114,120</u> |

In respect of bank loans and overdrafts, the company has provided security to the company's lenders by way of fixed and floating charges over the company's assets. At the year end, the bank loan amounted to £303,373 (2007 - £452,833) and is fully repayable within five years.

There is an unlimited group guarantee and set-off agreement in place.

The hire purchase liabilities are secured on the assets to which they relate.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

| | 2008 £ | 2007 £ |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | <u>160,373</u> | <u>309,833</u> |

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

| | 2008 £ | 2007 £ |
|---|----------------|----------------|
| Amounts payable within 1 year | 206,689 | 194,433 |
| Amounts payable between 1 and 2 years | 174,209 | 183,242 |
| Amounts payable between 3 and 5 years | 412,312 | 452,686 |
| Amounts payable after more than 5 years | 49,629 | 168,359 |
| | <u>842,839</u> | <u>998,720</u> |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

15. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

| | 2008 | | 2007 | |
|--------------------------------|-------------------------------------|------------------------------|-------------------------------------|------------------------------|
| | Land and buildings £ | Other Items £ | Land and buildings £ | Other Items £ |
| Operating leases which expire: | | | | |
| Within 1 year | - | 9,346 | - | 10,638 |
| Within 2 to 5 years | 61,380 | 169,086 | - | 181,784 |
| After more than 5 years | 308,220 | - | 300,000 | - |
| | <u>369,600</u> | <u>178,432</u> | <u>300,000</u> | <u>192,422</u> |

16. Related party transactions

The parent company is Westcountry Packaging Limited who own 100% of the share capital of Atlas Packaging Limited.

During the year Atlas Packaging Limited provided a loan to Westcountry Packaging Limited. The balance of the loan at the start of the year was £225,203 (2007: £102,815). Further payments of £185,482 were made during the year and expenses were incurred on behalf of Westcountry Packaging Limited of £1,000 (2007: £-). The balance owed by Westcountry Packaging Limited at the year end amounted to £411,685 (2007: £225,203).

Purchases, including rent, building expenses, interest and consultancy services, during the period from Kat-O-Log Limited, a company controlled by Mr A Gamble, totalled £536,596 (2007: £482,877). At the year end, expenses of £428 (2007: £Nil) was owed to Kat-O-Log.

As at the year end, Mr A Gamble had given a guarantee to the company's lenders in respect of the company's borrowings. This guarantee amounted to £250,000 (2007 - £250,000).

17. Share capital

Authorised share capital:

| | 2008 | 2007 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| 12,500 Ordinary shares of £1 each | 12,500 | 12,500 |
| 250,000 Ordinary A shares of £1 each | 250,000 | 250,000 |
| 262,500 Ordinary B shares of £1 each | 262,500 | 262,500 |
| | <u>525,000</u> | <u>525,000</u> |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

17. Share capital

Authorised share capital:

| | 2008 | 2007 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| 12,500 Ordinary shares of £1 each | 12,500 | 12,500 |
| 250,000 Ordinary A shares of £1 each | 250,000 | 250,000 |
| 262,500 Ordinary B shares of £1 each | 262,500 | 262,500 |
| | <u>525,000</u> | <u>525,000</u> |

Allotted, called up and fully paid:

| | 2008 | | 2007 | |
|------------------------------|----------------|----------------|----------------|----------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | 12,500 | 12,500 | 12,500 | 12,500 |
| Ordinary A shares of £1 each | 250,000 | 250,000 | 250,000 | 250,000 |
| Ordinary B shares of £1 each | 262,500 | 262,500 | 262,500 | 262,500 |
| | <u>525,000</u> | <u>525,000</u> | <u>525,000</u> | <u>525,000</u> |

18. Share premium account

There was no movement on the share premium account during the financial year.

19. Profit and loss account

| | 2008 | 2007 |
|--------------------------------------|-----------------|---------------|
| | £ | £ |
| Balance brought forward | 55,029 | (339,402) |
| (Loss)/profit for the financial year | (77,429) | 394,431 |
| Balance carried forward | <u>(22,400)</u> | <u>55,029</u> |

20. Reconciliation of movements in shareholders' funds

| | 2008 | 2007 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| (Loss)/Profit for the financial year | (77,429) | 394,431 |
| Opening shareholders' funds | 917,529 | 523,098 |
| Closing shareholders' funds | <u>840,100</u> | <u>917,529</u> |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

21. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

| | 2008 | 2007 |
|---|------------------|----------------|
| | £ | £ |
| Operating profit | 114,716 | 583,487 |
| Depreciation | 370,679 | 314,408 |
| Decrease/(increase) in stocks | 130,419 | (194,632) |
| Decrease/(increase) in debtors | 404,062 | (668,851) |
| Increase in creditors | 16,432 | 355,665 |
| Net cash inflow from operating activities | <u>1,036,308</u> | <u>390,077</u> |

Reconciliation of net cash flow to movement in net debt

| | 2008 | 2007 |
|--|--------------------|--------------------|
| | £ | £ |
| Increase/(decrease) in cash in the period | 64,841 | (81,211) |
| Net cash outflow from bank loans | 539,741 | 143,040 |
| Net cash (inflow) from long-term trade creditors | — | (467,256) |
| Cash outflow in respect of hire purchase | <u>155,881</u> | <u>126,127</u> |
| Change in net debt resulting from cash flows | 760,463 | (279,300) |
| New finance leases | — | (824,800) |
| Movement in net debt in the period | <u>760,463</u> | <u>(1,104,100)</u> |
| Net debt at 1 January 2008 | <u>(3,296,173)</u> | <u>(2,192,073)</u> |
| Net debt at 31 December 2008 | <u>(2,535,710)</u> | <u>(3,296,173)</u> |

ATLAS PACKAGING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

21. Notes to the statement of cash flows *(continued)*

Analysis of changes in net debt

| | At 1 Jan 2008 £ | Cash flows £ | At 31 Dec 2008 £ |
|--------------------------|-----------------------|-----------------|------------------------|
| Net cash: | | | |
| Cash in hand and at bank | 139 | 44,821 | 44,960 |
| Overdrafts | <u>(21,983)</u> | <u>20,020</u> | <u>(1,963)</u> |
| | <u>(21,844)</u> | <u>64,841</u> | <u>42,997</u> |
| Debt: | | | |
| Debt due within 1 year | (1,965,776) | 396,741 | (1,569,035) |
| Debt due after 1 year | (309,833) | 143,000 | (166,833) |
| Hire purchase agreements | <u>(998,720)</u> | <u>155,881</u> | <u>(842,839)</u> |
| | <u>(3,274,329)</u> | <u>695,622</u> | <u>(2,578,707)</u> |
| Net debt | <u>(3,296,173)</u> | <u>760,463</u> | <u>(2,535,710)</u> |

22. Ultimate parent undertaking

The ultimate parent undertaking is Westcountry Packaging Limited, a company which is incorporated in England and Wales.

Controlling party

The controlling party of Atlas Packaging Limited is Mr A Gamble due to his majority shareholding in Westcountry Packaging Limited, the parent company.