

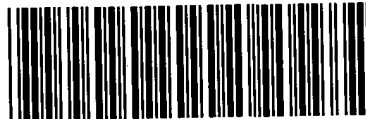
Registration number: 01742817

# Atlas Packaging Limited

Directors' Report and Financial Statements

for the year ended 31 December 2014

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## **Atlas Packaging Limited**

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The following pages do not form part of the statutory financial statements:

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**Atlas Packaging Limited**  
**Company Information**

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**Directors**           A Gamble  
                          N P Jarvis  
                          M P Leverton  
                          M C Reeve  
                          J G Sharman  
                          G M R Campbell

**Company secretary** M C Reeve

**Registered office**   Barron Way  
                          Roundswell Business Park  
                          Barnstaple  
                          Devon  
                          EX31 3TT

**Bankers**             Santander UK plc  
                          Bristol  
                          1st Floor  
                          Alliance House  
                          12 Baldwin Street  
                          Bristol  
                          BS1 1SD

**Auditor**             Old Mill Audit LLP  
                          Leeward House  
                          Fitzroy Road  
                          Exeter Business Park  
                          Exeter  
                          EX1 3LJ

**Atlas Packaging Limited**  
**Directors' Report for the year ended 31 December 2014**

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

**Directors of the company**

The directors who held office during the year were as follows:

A Gamble  
N P Jarvis  
M P Leverton  
M C Reeve  
J G Sharman  
G M R Campbell

**Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Atlas Packaging Limited**  
**Directors' Report for the year ended 31 December 2014**

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**Financial instruments**

***Objectives and policies***

The company finances its operations through a mixture of retained profits and an invoice discounting facility and, where necessary to fund capital expenditure programmes, through bank borrowings and hire purchase.

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.

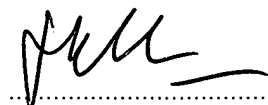
**Directors' liabilities**

The company has paid for legal liability insurance for the directors and officers.

**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 30/3/15 and signed on its behalf by:



.....  
M C Reeve  
Company secretary

# Atlas Packaging Limited

## Strategic Report for the Year Ended 31 December 2014

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The directors present their strategic report for the year ended 31 December 2014.

### Business review

#### *Fair review of the business*

Atlas Packaging Limited had a positive 2014 resulting in an improvement to the shareholders' funds increasing them to £1,900,250 (2013: £1,608,067). The company was able to increase its profit before tax to £616,487 (2013: £279,282).

The increase in profits partly related to growth as turnover increased by £1,253,718 or 8.2% compared to the previous year. Additionally there was a slight improvement in gross margin from 20.5% to 20.9% in 2014 and also a strong controlling of costs and adherence to the directors' budgetary plans. Whilst increasing turnover and maintaining margin the company was able to keep indirect costs at the 2013 level resulting in a substantial improvement in the company's profitability.

The directors are determined to continue with the progress made in 2014 and the targeted improvement in margin allied with cost controls and improved efficiencies will ensure a continuation of the company's profitability.

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

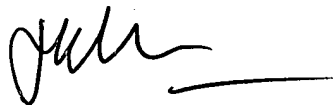
- > Turnover on a daily basis
- > Personnel costs as a % of turnover
- > Transport as % of turnover
- > Debtors days
- > Monthly cashflow

#### *Principal risks and uncertainties*

The principal business risks faced by the company are market competition, fluctuating raw materials prices and customer payments.

The company manages these risks by continuous improvement in staff training and investment in modern converting machinery. Fluctuating material prices are managed by continual monitoring of paper price indices and supplier competition. Customer payments are managed by strict adherence to payment terms and tenacious pursuit of debts.

Approved by the Board on 30/3/15..... and signed on its behalf by:



.....  
M C Reeve  
Company secretary

## **Independent Auditor's Report to the Members of Atlas Packaging Limited**

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We have audited the financial statements of Atlas Packaging Limited for the year ended 31 December 2014, set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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 auditor**

As explained more fully in the Statement of directors' responsibilities (set out on page 2), 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## Independent Auditor's Report to the Members of Atlas Packaging Limited

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### **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.

*Old Mill Audit LLP*

Mark Neath (Senior Statutory Auditor)  
For and on behalf of Old Mill Audit LLP, Statutory Auditor

Leeward House  
Fitzroy Road  
Exeter Business Park  
Exeter  
EX1 3LJ

Date: *30 March 2015.*



**Atlas Packaging Limited**  
**Profit and Loss Account for the year ended 31 December 2014**

	Note	2014 £	2013 £
Turnover	2	16,457,068	15,203,350
Cost of sales		<u>(13,022,358)</u>	<u>(12,090,074)</u>
<b>Gross profit</b>		3,434,710	3,113,276
Administrative expenses		(2,677,464)	(2,629,042)
Other operating income		<u>70,785</u>	<u>19,467</u>
<b>Operating profit</b>	3	828,031	503,701
Interest payable and similar charges	6	<u>(211,544)</u>	<u>(224,419)</u>
<b>Profit on ordinary activities before taxation</b>		616,487	279,282
Tax on profit on ordinary activities	7	<u>(104,304)</u>	<u>602</u>
<b>Profit for the financial year</b>	16	<u><u>512,183</u></u>	<u><u>279,884</u></u>

Turnover and operating profit derive wholly from continuing operations.

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

**Atlas Packaging Limited**  
**(Registration number: 01742817)**  
**Balance Sheet at 31 December 2014**

		2014		2013	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	8		4,640,485		4,638,152
<b>Current assets</b>					
Stocks	9	640,389		650,775	
Debtors	10	5,025,502		4,597,638	
Cash at bank and in hand		328		1,033	
		<u>5,666,219</u>		<u>5,249,446</u>	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(6,137,234)</u>		<u>(6,434,775)</u>	
<b>Net current liabilities</b>			<u>(471,015)</u>		<u>(1,185,329)</u>
<b>Total assets less current liabilities</b>			4,169,470		3,452,823
<b>Creditors: Amounts falling due after more than one year</b>	12		(1,521,167)		(1,213,459)
<b>Provisions for liabilities</b>	13		<u>(748,053)</u>		<u>(631,297)</u>
<b>Net assets</b>			<u>1,900,250</u>		<u>1,608,067</u>
<b>Capital and reserves</b>					
Called up share capital	14	525,000		525,000	
Share premium account	16	337,500		337,500	
Profit and loss account	16	<u>1,037,750</u>		<u>745,567</u>	
<b>Shareholders' funds</b>	17		<u>1,900,250</u>		<u>1,608,067</u>

Approved and authorised for issue by the Board on 30/3/15..... and signed on its behalf by:

  
A Gamble  
Director

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

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**1 Accounting policies**

**Basis of preparation**

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

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

**Going concern**

The company has net current liabilities and funds its working capital needs through an invoice discounting facility. The company has traded within this facility during the year and the directors consider this to be adequate. The company has been profitable in both the current and preceding year.

The directors have reviewed the current and future position of the company. Considering the current economic environment, the directors have taken steps to manage costs within the business, through enhancing financial controls, and taking steps to negotiate better prices for corrugated from suppliers. New customers have been won, enhancing both the quality and volume of orders.

Budgets and forecasts have been prepared taking these elements into account, which project continued profitability for the coming year. Performance to date has been in excess of budget expectations and the directors have no reason to believe that this will not continue for the foreseeable future. The company continues to meet all of its financial obligations and the directors expect it to continue to do so. Taking these factors 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 and receivable during the year, exclusive of Value Added Tax. Revenue is recognised on the despatch of goods.

**Government grants**

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and equipment	5% - 8.3% straight line
Computer equipment	33.3% straight line
Fixtures and fittings	10% - 33.3% straight line

**Stock**

Stock is valued at the lower of cost and net realisable value. Cost is computed on selling price less average gross profit margin. Net realisable value is based on estimated selling price less the estimated cost of disposal.

## **Atlas Packaging Limited**

### **Notes to the Financial Statements for the year ended 31 December 2014**

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#### **Deferred tax**

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 required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### **Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### **Pensions**

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.

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

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**2 Turnover**

During the year 0.91% of the company's turnover related to exports (2013 - 0.41%).

An analysis of turnover by geographical location is given below:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Sales - UK	16,306,515	15,140,660
Sales - Europe	150,553	62,690
	<u>16,457,068</u>	<u>15,203,350</u>

**3 Operating profit**

Operating profit is stated after charging:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Operating leases - plant and machinery	309,655	287,962
Operating leases - other assets	503,953	494,746
Auditor's remuneration - The audit of the company's annual accounts	8,000	11,000
Foreign currency (gains)/losses	(344)	96
Profit on sale of tangible fixed assets	(4,333)	-
Depreciation of owned assets	214,389	176,170
Depreciation of assets held under finance lease and hire purchase contracts	146,532	222,261
Amortisation of government grants	<u>(20,009)</u>	<u>(19,467)</u>

**4 Auditor's remuneration**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Audit of the financial statements	8,000	11,000
<b>Other fees to auditors</b>		
Other services	9,807	2,033
	<u>17,807</u>	<u>13,033</u>

**5 Particulars of employees**

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

	<b>2014 No.</b>	<b>2013 No.</b>
Production	85	72
Sales	37	35
	<u>122</u>	<u>107</u>

The aggregate payroll costs were as follows:

	<b>2014 £</b>	<b>2013 £</b>
Wages and salaries	2,609,923	2,371,596
Social security costs	224,204	201,276
	<u>2,834,127</u>	<u>2,572,872</u>

**6 Interest payable and similar charges**

	<b>2014 £</b>	<b>2013 £</b>
Interest on bank borrowings	80,435	73,188
Finance charges	131,109	151,231
	<u>211,544</u>	<u>224,419</u>

**7 Taxation**

**Tax on profit on ordinary activities**

	<b>2014 £</b>	<b>2013 £</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>104,304</u>	<u>(602)</u>

**Factors affecting current tax charge for the year**

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 23.25%).

The differences are reconciled below:

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Profit on ordinary activities before taxation	<u>616,487</u>	<u>279,282</u>
Corporation tax at standard rate	123,297	64,933
Capital allowances for period in excess of depreciation	(80,817)	(73,795)
Sundry tax adjusting items	-	(2,219)
Other timing differences	1,236	-
Non taxable income	(4,002)	-
Expenses not deductible for tax purposes	(5,107)	885
Unrelieved tax losses	-	10,196
Utilisation of tax losses	<u>(34,607)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The company had corporation tax losses carried forward at the year end of approximately £0.22m (2013 - £0.3m) for utilisation in future periods.

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

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**8 Tangible fixed assets**

	<b>Fixtures and fittings £</b>	<b>Plant and equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2014	447,381	5,988,026	225,446	6,660,853
Additions	10,403	378,643	9,875	398,921
Disposals	-	-	(40,000)	(40,000)
At 31 December 2014	<u>457,784</u>	<u>6,366,669</u>	<u>195,321</u>	<u>7,019,774</u>
<b>Depreciation</b>				
At 1 January 2014	254,983	1,596,750	170,968	2,022,701
Charge for the year	32,278	316,319	12,324	360,921
Eliminated on disposals	-	-	(4,333)	(4,333)
At 31 December 2014	<u>287,261</u>	<u>1,913,069</u>	<u>178,959</u>	<u>2,379,289</u>
<b>Net book value</b>				
At 31 December 2014	<u>170,523</u>	<u>4,453,600</u>	<u>16,362</u>	<u>4,640,485</u>
At 31 December 2013	<u>192,398</u>	<u>4,391,276</u>	<u>54,478</u>	<u>4,638,152</u>

**Leased assets**

Included within the net book value of tangible fixed assets is £2,139,107 (2013 - £3,571,735) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £146,532 (2013 - £222,261).

**9 Stocks**

	<b>2014 £</b>	<b>2013 £</b>
Finished goods	<u>640,389</u>	<u>650,775</u>



**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

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**10 Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,217,685	3,168,799
Amounts owed by group undertakings	1,581,698	1,072,716
Other debtors	4,269	3,683
Prepayments and accrued income	221,850	352,440
	<u>5,025,502</u>	<u>4,597,638</u>

The trade debtors are subject to an invoice discounting facility.

**11 Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,691,128	2,514,991
Bank loans and overdrafts	2,722,278	3,044,378
Obligations under finance lease and hire purchase contracts	327,381	531,074
Other taxes and social security	293,489	240,852
Other creditors	49,433	19,946
Accruals and deferred income	53,525	83,534
	<u>6,137,234</u>	<u>6,434,775</u>

Included within overdrafts is an amount of £2,545,431 (2013: £2,954,327) representing funds drawn down in advance from an invoice discounting facility.

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

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Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Bank loans and overdrafts	2,722,278	3,044,378
Hire purchase agreements	<u>327,381</u>	<u>531,074</u>
	<u><u>3,049,659</u></u>	<u><u>3,575,452</u></u>

In respect of overdrafts, the company has provided security to the company's lenders by way of fixed and floating charges over the company's assets.

The invoice discounting facility is secured on book debts and stock.

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.

A debenture, secured by a fixed and floating charge over the assets of the company, has been created on behalf of Spirit Packaging Limited, the ultimate parent company.

The bank loan represents a chattels mortgage which is secured on various items of plant and machinery.

**12 Creditors: Amounts falling due after more than one year**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Bank loans and overdrafts	482,685	-
Obligations under finance lease and hire purchase contracts	<u>1,038,482</u>	<u>1,213,459</u>
	<u><u>1,521,167</u></u>	<u><u>1,213,459</u></u>

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

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Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2014 £	2013 £
Hire purchase agreements	1,038,482	1,213,459
Bank loans and overdrafts	482,686	-
	<u>1,521,168</u>	<u>1,213,459</u>

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

The bank loan represents a chattels mortgage which is secured on various items of plant and machinery.

**Obligations under finance leases and HP contracts**

**Amounts repayable:**

	2014 £	2013 £
In one year or less on demand	327,381	531,074
Between one and two years	344,071	361,115
Between two and five years	694,411	852,344
	<u>1,365,863</u>	<u>1,744,533</u>

**13 Provisions**

	Deferred tax £	Deferred government grants £	Total £
At 1 January 2014	384,620	246,677	631,297
Charged/(credited) to the profit and loss account	104,304	(20,008)	84,296
New grants received	-	32,460	32,460
	<u>104,304</u>	<u>12,452</u>	<u>116,756</u>
At 31 December 2014	<u>488,924</u>	<u>259,129</u>	<u>748,053</u>

**Atlas Packaging Limited**  
**Notes to the Financial Statements for the year ended 31 December 2014**

**Analysis of deferred tax**

	2014 £	2013 £
Accelerated tax allowances	532,523	443,213
Tax losses available	8,106	(58,593)
Other timing differences	(6,388)	-
	<u>534,241</u>	<u>384,620</u>

**14 Share capital**

**Allotted, called up and fully paid shares**

	2014		2013	
	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>

**15 Dividends**

	2014 £	2013 £
<b>Dividends proposed and recognised in the accounts</b>		
Ordinary dividend proposed	<u>220,000</u>	<u>295,000</u>

**16 Reserves**

	Share premium account £	Profit and loss account £	Total £
At 1 January 2014	337,500	745,567	1,083,067
Profit for the year	-	512,183	512,183
Dividends	-	(220,000)	(220,000)
At 31 December 2014	<u>337,500</u>	<u>1,037,750</u>	<u>1,375,250</u>

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**17 Reconciliation of movement in shareholders' funds**

	<b>2014 £</b>	<b>2013 £</b>
Profit attributable to the members of the company	512,183	279,884
Dividends	(220,000)	(295,000)
Net addition/(reduction) to shareholders' funds	292,183	(15,116)
Shareholders' funds at 1 January	1,608,067	1,623,183
Shareholders' funds at 31 December	<u>1,900,250</u>	<u>1,608,067</u>

**18 Commitments**

**Operating lease commitments**

As at 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	<b>2014 £</b>	<b>2013 £</b>
<b>Land and buildings</b>		
Within one year	50,000	-
Within two and five years	416,111	102,500
Over five years	-	363,611
	<u>466,111</u>	<u>466,111</u>
<b>Other</b>		
Within one year	8,400	10,233
Within two and five years	192,506	161,191
Over five years	-	53,072
	<u>200,906</u>	<u>224,496</u>

**19 Related party transactions**

During the year the company made the following related party transactions:

**Kat-O-Log Limited**

(A Gamble is a director)

During the year the company made purchases of rent, building expenses, interest and consultancy services totalling £343,342 (2013: £404,430) from Kat-O-Log Limited. At the balance sheet date the amount due to Kat-O-Log Limited was £nil (2013 - £2,500).

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The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

**20 Control**

The company is controlled by Westcountry Packaging Limited. The ultimate controlling party is Spirit Packaging Limited.