

**Company Registration No. 3541144**

**BRITTON GROUP LIMITED**

**Report and Financial Statements**

**30 April 2010**

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# **BRITTON GROUP LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **BRITTON GROUP LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

M Clark  
S Goodman

#### **SECRETARY**

S Goodman

#### **REGISTERED OFFICE**

Road One Industrial Estate  
Winsford  
Cheshire, UK

#### **BANKERS**

HSBC Bank Plc  
Manchester, UK

#### **SOLICITORS**

Eversheds LLP  
1 Royal Standard Place  
Nottingham, UK

#### **AUDITORS**

Deloitte LLP  
Nottingham, UK

# **BRITTON GROUP LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 April 2010. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the company is that of an intermediary holding company. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely change in the company's activities in the next year. The company will continue to trade as a holding company in the foreseeable future.

### **GOING CONCERN**

The company has considerable financial resources available to it. The directors have considered the company's forecasts and the sensitivities within them and they are satisfied that the company is performing in line with its expectations. As a consequence, the directors believe that the company is adequately placed to manage its business risks successfully despite the current economic outlook. Although the company has net current liabilities, the parent company has confirmed that it will not demand repayment of the intercompany creditor for a period of at least 12 months from the date of signing the financial statements.

The company's principal banking facilities have been renewed until February 2015 and the directors are of the opinion that the company's cash forecasts and revenue projections, taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the company should be able to operate within its current facilities and comply with its banking covenants.

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

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company does not trade and as such the directors do not believe that liquidity, credit or price risk apply to the company. In the directors' opinion, the company has sufficient liquid assets to enable it to pay its liabilities as they fall due and they also consider all intercompany debtor balances to be fully recoverable.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not recommend payment of a dividend (2009: £nil). The loss of £2,460,000 (2009: profit £9,000,000) has been transferred to reserves.

### **DIRECTORS**

The directors who served during the year and subsequently are:

M Clark

S Goodman

# **BRITTON GROUP LIMITED**

## **DIRECTORS' REPORT (continued)**

### **AUDITORS**

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

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



S Goodman

Director

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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). 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRITTON GROUP LIMITED**

We have audited the financial statements of Britton Group Limited for the year ended 30 April 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 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 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, 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 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.

### **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 30 April 2010 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.

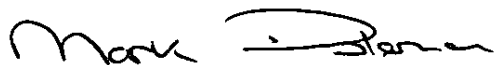
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Mark Doleman FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Nottingham, United Kingdom

16 July 2010

# BRITTON GROUP LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 April 2010

	Note	2010 £'000	2009 £'000
Administrative expense		96	159
Exceptional administrative items	5	(154)	(368)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b>(58)</b>	<b>(209)</b>
Reversal of past impairments		-	12,000
Other operating income		2,584	2,623
<b>OPERATING PROFIT</b>	5	<b>2,526</b>	<b>14,414</b>
Interest receivable and similar income	2	-	77
Interest payable and similar charges	3	(4,982)	(5,532)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,456)</b>	<b>8,959</b>
Tax on (loss)/profit on ordinary activities	6	(4)	41
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14, 15	<b>(2,460)</b>	<b>9,000</b>

All results are derived from continuing operations in the current and prior year

There are no recognised gains and losses other than the loss for the financial year or the profit for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given

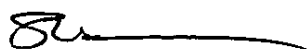


**BALANCE SHEET**  
**30 April 2010**

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Investments	8	25,000	25,000
		<u>25,000</u>	<u>25,000</u>
<b>CURRENT ASSETS</b>			
Debtors	9	20,554	25,626
Cash at bank		-	1,383
		<u>20,554</u>	<u>27,009</u>
<b>CREDITORS: amounts falling due</b>			
Within one year	10	(37,118)	(41,113)
<b>NET CURRENT LIABILITIES</b>		<u>(16,564)</u>	<u>(14,104)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,436	10,896
<b>PROVISIONS FOR LIABILITIES</b>	11	<u>(269)</u>	<u>(269)</u>
<b>NET ASSETS</b>		<u>8,167</u>	<u>10,627</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	82,157	82,157
Share premium account	14	1,925	1,925
Profit and loss account	14	(75,915)	(73,455)
<b>SHAREHOLDERS' FUNDS</b>	15	<u>8,167</u>	<u>10,627</u>

These financial statements were approved by the Board of Directors and authorised for issue on **19 Jun 2010**

Signed on behalf of the Board of Directors



S Goodman

Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2010**

**1. ACCOUNTING POLICIES**

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

**Accounting convention**

The financial statements are prepared under the historical cost convention.

The company has considerable financial resources available to it. The directors have considered the company's forecasts and the sensitivities within them and they are satisfied that the company is performing in line with its expectations. As a consequence, the directors believe that the company is adequately placed to manage its business risks successfully despite the current economic outlook. Although the company has net current liabilities, the parent company has confirmed that it will not demand repayment of the intercompany creditor for a period of at least 12 months from the date of signing the financial statements.

The company's principal banking facilities have been renewed until February 2015 and the directors are of the opinion that the company's cash forecasts and revenue projections, taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the company should be able to operate within its current facilities and comply with its banking covenants.

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

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	25% - 33% per annum
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**Investments**

Investments held as fixed assets are stated at cost less provision for impairment.

**Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Pension costs**

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

# BRITTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Cash flow

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

### 2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Bank interest receivable	-	77

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Bank loans and other loans	4,982	5,532

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of Britton Group Limited are also directors of Britton Holdings Limited, Britton Decoflex Limited, Britton Merlin Limited and Britton Taco Limited. It is not practicable to allocate the directors' emoluments between their services to Britton Group Limited and to the other group companies. The directors of the company received emoluments, including benefits in kind, of £338,000 (2009 £310,000) and contributions to the defined contribution scheme of £26,000 (2009 £26,000). The highest paid director received emoluments, including benefits in kind, of £203,000 (2009 £202,000) and contributions to the defined contribution scheme of £16,000 (2009 £16,000).

	2010 Number	2009 Number
Average number of persons employed	11	11
Administration		
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	1,027	964
Social security costs	136	131
Pension costs	87	92
	1,250	1,187

# BRITTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 5. OPERATING PROFIT

Operating profit is stated after charging	2010 £'000	2009 £'000
Exceptional items		
Property costs	154	368
Depreciation	-	8
Rentals under operating leases		
Other	85	85
Plant and machinery	46	60
Auditors remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	5	5
Other services pursuant to legislation – tax services	47	12
	<u>47</u>	<u>12</u>

The exceptional property costs relate to additional, unexpected rentals on the property formerly held by Britton Gelplas Limited

### 6. TAX CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

#### a) Analysis of (credit)/charge in the period

	2010 £'000	2009 £'000
<b>Current tax</b>		
UK corporation tax at 28% (2009 28%) based on the (loss)/profit for the period	-	-
Total current tax (note 6b)	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	4	-
Increase in estimate of recoverable deferred tax asset	-	(41)
Total deferred tax (note 12)	4	(41)
Total tax charge/(credit) in the year	<u>4</u>	<u>(41)</u>

#### b) Factors affecting the tax charge for the period

The tax assessed for the current year differs to the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	<u>(2,456)</u>	<u>8,959</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	(688)	2,508
<b>Effects of:</b>		
Difference between capital allowances and depreciation	(3)	2
Imputed interest on intra-group balances	775	873
Expenses not deductible for tax purposes	7	5
Group relief not paid for	(91)	(28)
Non taxable income	-	(3,360)
<b>Current tax charge for the period (note 6a)</b>	<u>-</u>	<u>-</u>

# BRITTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 7. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
<b>Cost or valuation</b>	
At 1 May 2009 and 30 April 2010	129
<b>Accumulated depreciation</b>	
At 1 May 2009 and 30 April 2010	129
<b>Net book value</b>	
At 30 April 2010 and 30 April 2010	-

### 8. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £'000
<b>Cost</b>	
At 1 May 2009 and 30 April 2010	48,343
<b>Provision for impairment</b>	
At 1 May 2009 and 30 April 2010	23,343
<b>Net book value</b>	
At 30 April 2010 and 30 April 2010	25,000

The company has the following wholly owned subsidiaries incorporated in Great Britain and registered in England and Wales

<i>Undertaking</i>	<i>Principal activity</i>
Merlin Group Holdings Limited*	Holding company
Britton Merlin Limited	Extrusion, printing and conversion of low, co-extruded and high density polythene films
Britton Group Plastics Limited*	Dormant
Britton Taco Limited*	Manufacture of extruded and embossed polyolefin film and polypropylene film
Taco Plastics Limited	Dormant
Tacolin Limited	Dormant
Britton Polymon Limited*	Dormant
Britton Packbourne Limited*	Dormant
Britton Precision Limited*	Dormant
Britton Security Packaging Limited*	Manufacture and distribution of polythene security and distribution packaging
Britton Decoflex Limited	Manufacture and distribution of polythene security and distribution packaging
Britton Polyian Limited	Dormant
Hubcharm Limited	Dormant
Finoplas Limited	Dormant
CK Addison and Company Limited	Dormant

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company, Britton Flexibles Limited

\* indicates direct subsidiary

# BRITTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 9. DEBTORS

	2010 £'000	2009 £'000
Amounts owed by subsidiary undertakings	19,252	24,474
Deferred tax asset (note 12)	37	41
Other debtors	1,265	1,111
	<u>20,554</u>	<u>25,626</u>
Amounts falling due within one year		

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Amounts owed to group undertakings	34,180	40,379
Bank balances	2,469	-
Other taxes and social security	42	420
Accruals and deferred income	427	314
	<u>37,118</u>	<u>41,113</u>

### 11. PROVISIONS FOR LIABILITIES

	Onerous lease £'000
At start of year	(269)
Provision raised during year	(154)
Utilisation for the year	154
	<u>(269)</u>
At end of year	

The vacant property provision relates the rental charges and other costs on the vacant former Gelplas properties, which were transferred to Britton Group Limited upon the sale of Britton Gelplas Limited. The provision is expected to be utilised over the remaining period of the lease, which expires in 2012.

# BRITTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 12. DEFERRED TAXATION

	2010 £'000	2009 £'000
Asset at start of year	41	-
(Charge)/credit for the year	(4)	41
Asset at end of year	37	41

The amount of deferred taxation provided and not provided in the accounts are as follows

Deferred taxation	Provided 2010 £'000	Not provided 2010 £'000	Provided 2009 £'000	Not provided 2009 £'000
Accelerated capital allowances	15	-	18	-
Short term timing differences	23	-	23	-
	37	-	41	-

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

### 13. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
<b>Authorised</b>		
82,242,517 ordinary shares of £1 each	82,243	82,243
<b>Allotted, called up and fully paid</b>		
82,156,579 ordinary shares of £1 each	82,157	82,157

### 14. MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 May 2009	82,157	1,925	(73,455)	10,627
Loss for the year	-	-	(2,460)	(2,460)
At 30 April 2010	82,157	1,925	(75,915)	8,167

# BRITTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
(Loss)/profit for the financial year	(2,460)	9,000
Opening shareholders' funds	10,627	1,627
Closing shareholders' funds	8,167	10,627

### 16. RELATED PARTY TRANSACTIONS

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

### 17. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Britton Group (Holdings) Limited

The ultimate parent company and controlling party is Britton Flexibles Limited, a company incorporated in Great Britain. The consolidated financial statements of Britton Flexibles Limited are the smallest and largest group for which consolidated financial statements are prepared. Britton Flexibles Limited consolidated accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ

### 18. CONTINGENT LIABILITIES

With effect from the 26 February 2008 the company is party to a cross company and group guarantee with respect to parent company financing. There are consequently fixed and floating charges over the company's present and future property and assets. This guarantee replaced all previous cross company guarantees.

### 19. FINANCIAL COMMITMENTS

At 30 April 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010 Other £'000	2009 Other £'000	2010 Plant and machinery £'000	2009 Plant and machinery £'000
Operating leases which expire				
Within one year	-	-	6	2
Within two to five years	85	85	40	60
	85	85	46	62

### 20. PENSIONS

Certain employees are members of the group defined contribution scheme. Contributions paid during the year were £87,000 (2009 £92,000). The amount of unpaid contributions at the year end was £nil (2009 £nil).