

**Sonoco Holdings UK Limited**  
**Annual report**  
**for the year ended 31 December 2005**

**Registered Number 3739940**



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Annual report  
for the year ended 31 December 2005

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# **Sonoco Holdings UK Limited**

## **Directors and advisors**

### **Directors**

C J Hupfer  
D A Collins  
T J Nash  
K J Kiriakopoulos

### **Secretary**

D A Collins

### **Auditors**

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Solicitors**

Cobbetts  
Ship Canal House  
King Street  
Manchester  
M2 4WB

### **Bankers**

Deutsche Bank AG  
Global Banking Division  
6 Bishopsgate  
London  
EC2N 4DA

### **Registered Office**

Station Road  
Milnrow  
Rochdale  
Lancashire  
OL16 4HQ

### **Registered Number**

3739940

# **Sonoco Holdings UK Limited**

## **Directors' report for the year ended 31 December 2005**

The directors present their report and the audited financial statements for the year ended 31 December 2005.

### **Principal activities and review of business**

The company acts as an intermediate holding company for the United Kingdom subsidiaries of the Sonoco Products Company group. The group's principal activity during the year was the production and conversion of materials for the packaging industry.

The successful development of the business continued during the year and the directors believe that further progress will be made in the year to 31 December 2005.

Following the adoption of FRS17, the group recorded equity shareholders' deficit of £8,929,000 as at 31 December 2005. Sonoco Products Company, the ultimate parent company, confirmed that they will continue to support the group to enable it to continue to trade for the foreseeable future. Adequate resources will be made available to cover the group's working capital requirements for at least 12 months from the date of this report.

### **Dividends**

An interim dividend of £23.4 (2004: £nil) per ordinary share, amounting to £2,338,000 (2004: £nil) was paid on 22 December 2005. The directors do not recommend the payment of a final dividend (2004: £nil)

### **Directors and their interests**

The directors who held office during the year are given below:

C J Hupfer  
D A Collins  
T J Nash  
K J Kiriakopoulos

The directors who held office at the date of approval of the financial statements are shown on page one. None of the directors who held office at 31 December 2005 had any interest in the shares of group companies which are required to be disclosed in this report.

### **Charitable donations**

The group made charitable donations of £840 (2004: £622) during the year.

### **Employees**

The directors recognise the importance of good communications with employees and inform and consult with employees' representatives on matters likely to affect them, including those matters affecting the financial performance of the group.

It is the group's policy to employ disabled persons whenever practically possible and the training, career development and promotion of disabled employees, as far as possible, is identical to that of other employees. Wherever possible this includes the retraining and retention of staff who become disabled during their employment.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company and group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, as explained on pages 8 to 10 under "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

# **Sonoco Holdings UK Limited**

## **Statement of directors' responsibilities (continued)**

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to remain in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

**By order of the board**



**D A Collins**  
**Company Secretary**

● 5<sup>th</sup> June 2006

# Sonoco Holdings UK Limited

## Independent auditors' report to the members of Sonoco Holdings UK Limited

We have audited the group and parent company financial statements which comprise the group profit and loss account, the balance sheets, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report, if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion, the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the group's and the parent company's state of affairs as at 31 December 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Manchester

● 5<sup>th</sup> June 2006

# Sonoco Holdings UK Limited

## Consolidated profit and loss account for the year ended 31 December 2005

	Note	2005	Continuing operations 2004	Restated Discontinued operations 2004	2004
		£'000	£'000	£'000	£'000
<b>Turnover</b>	1	<b>59,808</b>	50,761	22,035	72,796
Cost of sales		<b>(50,434)</b>	(40,626)	(17,144)	(57,770)
<b>Gross profit</b>		<b>9,374</b>	10,135	4,891	15,026
Distribution costs		<b>(988)</b>	(889)	(2,379)	(3,268)
Administrative expenses before exceptional items		<b>(4,120)</b>	(2,174)	(1,415)	(3,589)
Exceptional administrative expenses	2	-	(217)	-	(217)
Total administrative expenses		<b>(4,120)</b>	(2,391)	(1,415)	(3,806)
<b>Operating profit</b>		<b>4,266</b>	6,855	1,097	7,952
Profit on sale of operations	2	-	-	1,923	1,923
Interest receivable	5	<b>252</b>			929
Interest payable and similar charges	6	<b>(122)</b>			(2,708)
Other finance cost	19	<b>(325)</b>			(299)
<b>Profit on ordinary activities before taxation</b>	7	<b>4,071</b>			7,797
Tax on profit on ordinary activities	8	<b>(1,219)</b>			(1,225)
<b>Profit for the financial year</b>		<b>2,852</b>			6,572
<b>Dividends</b>	10	<b>(2,338)</b>			-
<b>Retained profit for the financial year</b>		<b>514</b>			6,572

All activities in the year ended 31 December 2005 shown above relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

## Sonoco Holdings UK Limited

### Statement of total recognised gains and losses for the year ended 31 December 2005

	Note	2005 £'000	Restated 2004 £'000
Profit for the financial year		2,852	6,572
Actuarial loss on pension scheme	19	(11,814)	(3,058)
Movement on deferred tax relating to pension liability		3,544	917
<b>Total recognised gains and losses relating to the year</b>		<b>(5,418)</b>	<b>4,431</b>
Prior year adjustment - FRS 17		(19,061)	(20,015)
<b>Total gains and losses recognised since last annual report</b>		<b>(24,479)</b>	<b>(15,584)</b>



# Sonoco Holdings UK Limited

## Balance sheets as at 31 December 2005

	Notes	Group		Company	
		2005 £'000	Restated 2004 £'000	2005 £'000	2004 £'000
<b>Fixed assets</b>					
Intangible assets	11	3,610	4,054	-	-
Tangible assets	12	8,302	7,553	-	-
Investments	13	-	-	45,089	47,427
		11,912	11,607	45,089	47,427
<b>Current assets</b>					
Stocks	14	4,111	3,271	-	-
Debtors	15	7,828	29,108	2,598	2,598
Cash at bank and in hand		3,612	1,934	-	1
		15,551	34,313	2,598	2,599
Creditors: amounts falling due within one year	16	(8,935)	(27,484)	(2,609)	(2,610)
Net current assets/(liabilities)		6,616	6,829	(11)	(11)
Total assets less current liabilities		18,528	18,436	45,078	47,416
Creditors: amounts falling due after more than one year	17	-	(32)	-	-
Provisions for liabilities and charges	18	(53)	(9)	-	-
Net assets excluding net pension liabilities		18,475	18,395	45,078	47,416
Net pension liabilities	19	(27,404)	(19,568)	-	-
Net (liabilities)/assets including net pension liabilities		(8,929)	(1,173)	45,078	47,416
<b>Capital and reserves</b>					
Called up share capital	20	100	100	100	100
Share premium account	21	33,228	33,228	33,228	33,228
Profit and loss account	21	(42,257)	(34,501)	11,750	14,088
Equity shareholders' (deficit)/funds	22	(8,929)	(1,173)	45,078	47,416

The financial statements on pages 5 to 24 were approved by the board of directors on 5 June 2006 and were signed on its behalf by:



**D A Collins**  
Director

# Sonoco Holdings UK Limited

## Accounting policies

### Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. These have been applied consistently with the exception of the application of FRS 17 "Retirement Benefits" as noted below.

### Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Following the adoption of FRS17, the group recorded equity shareholders' deficit of £8,929,000 as at 31 December 2005. Sonoco Products Company, the ultimate parent company, confirmed that they will continue to support the group to enable it to continue to trade for the foreseeable future. Adequate resources will be made available to cover the group's working capital requirements for at least 12 months from the date of this report.

### Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and of all its subsidiaries and exclude all transactions between group companies.

Investments in subsidiary companies are stated at cost except where the directors consider there to have been an impairment in value. All principal subsidiaries have coterminous year ends.

### Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No.1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Sonoco Products Company whose financial statements are publicly available.

### Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is capitalised and amortised through the profit and loss account over a period of up to 20 years, which is considered to be its useful economic life. Provisions for impairment of goodwill are made when necessary.

### Tangible and intangible fixed assets

The cost of fixed assets and intangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on all tangible and intangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold buildings	over 40 years
Leasehold land and buildings	over the lease term
Plant and machinery	over 4 to 10 years
Licences	17 years

Assets under construction are not depreciated until they are brought into use.

### Investments

Investments are held at cost less provisions for impairment in value.

# **Sonoco Holdings UK Limited**

## **Accounting policies (continued)**

### **Operating leases**

Rentals paid under operating leases are charged to profit and loss account on a straight line basis.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

### **Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes, in the case of manufactured goods and work in progress, all direct expenditure and production overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

### **Turnover**

Turnover represents the value of goods sold and services provided excluding value added tax. Turnover is recognised at the point of despatch of non-returnable goods to customers, or at the completion of the performance of services. Turnover is disclosed gross of carriage costs.

### **Deferred taxation**

Deferred tax is provided in full on timing differences that 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. 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.

# Sonoco Holdings UK Limited

## Accounting policies (continued)

### Pensions

Throughout the year, the United Kingdom group of companies operated a funded, defined benefit pension scheme (the Sonoco UK Retirement Benefits Plan (the 'Plan')). Most members contribute a proportion of salary to the Plan and all members are provided with benefits based on final pensionable salary. The assets of the Plan are held independently from the company and are administered by the trustees. The Plan is subject to an actuarial valuation at regular intervals.

Annual valuations are prepared by independent professionally qualified actuaries. The last valuation was performed as at 1 January 2003. These valuations determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase in pensions in payment. Following the full adoption of FRS 17, the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year.

A credit representing the expected return on the assets of the scheme during the year is included within other finance expense. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance expense representing the expected increase in the liabilities of the scheme during the year is included within net interest. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax. Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions.

The group also operated a defined contribution scheme. The pension charge represented contributions payable by the company to the scheme.

### Changes in accounting policies

The group has adopted FRS 17 in these financial statements. The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to decrease staff costs by £946,000 (2004: £3,555,000), increase other finance cost by £325,000 (2004: £299,000) and increase deferred taxation charge by £187,000 (2004: £161,000), to increase profit for the year by £434,000 (2004: £3,095,000) and to decrease the total recognised gains and losses by £7,836,000 (2004: increase of £954,000). The change also decreased net assets by £26,897,000 (2004: £19,061,000).

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 1 Analysis of turnover by geographical area

	2005 £'000	2004 £'000
United Kingdom	55,906	64,500
Rest of Europe	3,891	6,670
America	5	-
Middle East	4	-
Australia and Far East	2	1,626
	<b>59,808</b>	<b>72,796</b>

### 2 Exceptional items

The profit on sale of operations in 2004 relates to the group's activities in waste paper recycling and manufacture of cardboard and cardboard cores for use in industrial packaging applications. These operations were transferred to Sonoco Cores and Paper Limited, being part of a joint venture arrangement entered into between Sonoco Products Company Inc and Ahlstrom Corporation.

The exceptional administrative expenses in 2004 are comprised principally of redundancy costs.

### 3 Directors' emoluments

	2005 £'000	2004 £'000
Aggregate emoluments	85	357
Highest-paid director Aggregate emoluments	85	94
Defined benefit pension scheme: Accrued pension at end of year	5	17

At 31 December 2005 retirement benefits were accruing to one director (2004: three) under the group's defined benefit pension scheme.

### 4 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was:

By activity	2005 Number	2004 Number
Office and management	226	218
Manufacturing	295	394
	<b>521</b>	<b>612</b>

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 4 Employee information (continued)

	2005 £'000	Restated 2004 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	16,797	15,166
Social security costs	1,162	1,481
Other pension costs – defined benefit scheme (note 19)	564	962
Other pension costs – defined contribution scheme	121	132
	<b>18,644</b>	<b>17,741</b>

### 5 Interest receivable

	2005 £'000	2004 £'000
Interest receivable on bank balances	234	39
Interest receivable from other group companies	18	890
	<b>252</b>	<b>929</b>

### 6 Interest payable and similar charges

	2005 £'000	2004 £'000
On bank overdrafts and other loans	51	26
On amounts payable to group companies	67	2,674
On finance leases	4	8
	<b>122</b>	<b>2,708</b>

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 7 Profit on ordinary activities before taxation

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Loss on disposal of tangible fixed assets	106	72
Auditors' remuneration for:		
Audit services	42	52
Non-audit services	1	19
Amortisation of intangible fixed assets	444	477
Depreciation charge for the year:		
Tangible owned fixed assets	1,771	1,641
Tangible fixed assets held under finance leases	7	41
Hire of land and buildings – operating leases	371	-
Hire of plant and machinery - operating leases	177	504
Hire of other assets - operating leases	16	107
Release of government grants	-	(9)

The auditors' remuneration for the company is borne by subsidiary undertaking.

### 8 Tax on profit on ordinary activities

	2005 £'000	Restated 2004 £'000
<b>Current tax:</b>		
UK corporation tax	1,189	1,737
Overprovision in respect of previous periods	(201)	(7)
ACT recovered	-	(1,014)
Current tax charge for the year	988	716
<b>Deferred tax:</b>		
Origination and reversal of timing differences	44	348
Pension cost relief in excess of pension cost charge	187	161
<b>Taxation charge</b>	<b>1,219</b>	<b>1,225</b>

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 8 Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005	Restated 2004
	£'000	£'000
Profit on ordinary activities before taxation	4,071	7,797
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	1,221	2,339
Effects of:		
Expenses not deductible/(income not chargeable) for tax purposes	199	(304)
Accelerated capital allowances and other timing differences	(231)	(298)
Overprovision in respect of previous periods	(201)	(7)
ACT recovered	-	(1,014)
Current tax charge for the year	988	716

### 9 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the year was £nil (2004: £nil).

### 10 Dividends

	2005	2004
	£'000	£'000
Interim paid: £23.4 (2004: £nil) per £1 ordinary share	2,338	-



# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 11 Intangible fixed assets

#### Group

	Licences £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
<b>At 1 January 2005 and 31 December 2005</b>	<b>1,843</b>	<b>12,581</b>	<b>14,424</b>
<b>Amortisation</b>			
At 1 January 2005	1,843	8,527	10,370
Provided during the year	-	444	444
<b>At 31 December 2005</b>	<b>1,843</b>	<b>8,971</b>	<b>10,814</b>
<b>Net book value</b>			
<b>At 31 December 2005</b>	<b>-</b>	<b>3,610</b>	<b>3,610</b>
At 31 December 2004	-	4,054	4,054

The company has no intangible fixed assets.

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 12 Tangible fixed assets

	Land and buildings	Plant and machinery	Construction in progress	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2005	2,445	15,014	334	17,793
Adjustments	(80)	2,073	(334)	1,659
Additions	246	2,390	-	2,636
Disposals	-	(717)	-	(717)
<b>As at 31 December 2005</b>	<b>2,611</b>	<b>18,760</b>	<b>-</b>	<b>21,371</b>
<b>Depreciation</b>				
At 1 January 2005	1,337	8,903	-	10,240
Adjustment	(84)	1,743	-	1,659
Charge for the year	156	1,622	-	1,778
Disposals	-	(608)	-	(608)
<b>At 31 December 2005</b>	<b>1,409</b>	<b>11,660</b>	<b>-</b>	<b>13,069</b>
<b>Net book value</b>				
<b>At 31 December 2005</b>	<b>1,202</b>	<b>7,100</b>	<b>-</b>	<b>8,302</b>
At 31 December 2004	1,108	6,111	334	7,553

In order to align with the group's fixed assets records, adjustments are shown in the movement above. There is no impact on the net book value of the fixed assets.

The net book value of land and buildings comprises:

	2005	2004
	£'000	£'000
Freehold	703	784
Long leasehold	499	324
	<b>1,202</b>	<b>1,108</b>

The company has no tangible fixed assets.

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 13 Investments – shares in subsidiary undertakings

	Company
	£'000
<b>Cost</b>	
At 1 January 2005	47,427
Distribution from subsidiary undertakings	(2,338)
<b>At 31 December 2005</b>	<b>45,089</b>

Pursuant to the special resolution passed on 22 December 2005, it was resolved that the share premium account of Sonoco Milnrow be reduced by £2,338,000 and the full amount was to be paid in cash to the company. As a result, the investment cost has been reduced by the same amount.

#### Interests in group undertakings

The company's non-dormant subsidiaries as at 31 December 2005, all of which are wholly owned, are as follows:

Name of undertaking	Country of Registration	Description of shares held	Principal activities
Sonoco Milnrow	England and Wales	Ordinary £1 shares	Intermediate holding company
Sonoco Products Company UK *	England and Wales	Ordinary £1 shares	Intermediate holding company
Sonoco Limited **	England and Wales	Ordinary £1 shares	Production and conversion of packaging materials

\* Shares held by Sonoco Milnrow

\*\* Shares held by Sonoco Products Company UK.

### 14 Stocks

	Group	
	2004 £'000	2004 £'000
Raw materials and consumables	2,534	1,825
Work in progress	1,018	869
Finished goods and goods for resale	559	577
	<b>4,111</b>	<b>3,271</b>

The company has no stocks.

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 15 Debtors

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade debtors	5,898	6,977	-	-
Amounts due from group undertakings	1,393	20,948	2,598	2,598
Prepayments and accrued income	537	1,183	-	-
	<b>7,828</b>	<b>29,108</b>	<b>2,598</b>	<b>2,598</b>

At 31 December 2005, £135,000 of the amounts due from group undertaking are interest bearing.

### 16 Creditors: amounts falling due within one year

	Group		Company	
	2005	Restated 2004	2005	2004
	£'000	£'000	£'000	£'000
Obligations under finance leases	-	60	-	-
Trade creditors	4,467	3,623	-	-
Amounts due to group undertakings	2,037	19,854	2,609	2,610
Corporation tax	412	1,346	-	-
Other taxes and social security	750	1,172	-	-
Other creditors	698	982	-	-
Accruals and deferred income	571	447	-	-
	<b>8,935</b>	<b>27,484</b>	<b>2,609</b>	<b>2,610</b>

At 31 December 2005, £962,000 of the amounts due to group undertaking are interest bearing.

The ultimate parent company, Sonoco Products Company, has provided certain guarantees in respect of bank borrowings and similar facilities.

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 17 Creditors: amounts falling due after more than one year

	Group	
	2005 £'000	2004 £'000
Obligations under finance leases	-	32

The company had no creditors falling due after more than one year.

Obligations under finance leases fall due for payment as follows:

	2005 £'000	2004 £'000
Amounts payable:		
Within one year	-	60
In two to five years	-	32
	-	92

### 18 Provisions for liabilities and charges

#### Deferred taxation

	£'000
At 1 January 2005	9
Profit and loss account (note 8)	44
At 31 December 2005	53

	Amount provided		Total potential liability	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	(405)	(449)	(405)	(449)
Capital gains	-	-	525	525
Pension prepayment	458	458	458	458
	53	9	578	534

Deferred taxation is not provided where potentially taxable capital gains have been rolled over into replacement assets. At present, it is not envisaged that any tax will become payable in respect of the unprovided capital gains disclosed above for the foreseeable future.

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 19 Pension obligations

Throughout the year, the United Kingdom group of companies operated a funded, defined benefit pension scheme (the Sonoco UK Retirement Benefits Plan (the 'Plan')). Most members contribute a proportion of salary to the Plan and all members are provided with benefits based on final pensionable salary. The assets of the Plan are held independently from the company and are administered by the trustees. The Plan is subject to an actuarial valuation at regular intervals.

Sonoco Cores & Paper Limited, a related party, is a participant in the Plan. It has been agreed that Sonoco Cores & Paper Limited has no further obligation beyond its contributions. During the year, Sonoco Cores & Paper Limited's contribution amounted to £578,000 (2004: £302,000), which have been offset against the current service cost in the year.

An actuarial valuation using the projected unit basis was carried out at 1 January 2003 by a qualified independent actuary. The major assumptions used by the actuary were:

	2005	2004	2003
Discount rate	4.7%	5.5%	5.5%
Rate of increase in salaries	3.9%	3.9%	3.5%
Rate of increase in pensions in payment and deferred pension	3.4%	3.4%	3.0%
Inflation assumption	2.9%	2.9%	3.0%

The assets are invested with Barclays Global Investors Limited and Schroder Investment Management Limited. The assets in the Plan (excluding AVCs) and the expected rates of return were:

	2005		2004		2003	
	Market value £'000	Long-term expected rate of return	Market value £'000	Long-term expected rate of return	Market value £'000	Long-term expected rate of return
Equities and property	63,225	8.0%	52,020	8.0%	47,543	8.0%
Cash	958	4.6%	1,459	4.8%	1,503	3.75%
Bonds	16,706	4.4%	15,690	5.0%	14,551	5%
Total	80,889		69,169		63,597	

The following amounts were measured in accordance with the requirements of FRS 17:

	2005 £'000	2004 £'000	2003 £'000
Total market value of assets	80,889	69,169	63,597
Present value of Plan liabilities	(120,037)	(97,124)	(89,034)
Plan deficit	(39,148)	(27,955)	(25,437)
Related deferred tax asset	11,744	8,387	7,631
Net pension liability	(27,404)	(19,568)	(17,806)

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 19 Pension obligations (Continued)

All of the deficit in the Plan relates to the obligations of Sonoco Limited. The above amounts have been recognised in these financial statements.

#### Analysis of the amount charged to operating profit

Operating profit	2005	2004
	£'000	£'000
Current service cost (note 4)	564	962

#### Analysis of the amount charged to other finance cost

Other financial cost	2005	2004
	£'000	£'000
Expected return on pension scheme assets	4,967	4,573
Interest on pension scheme liabilities	(5,292)	(4,872)
Net return	(325)	(299)

#### Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

STRGL	2005	2004
	£'000	£'000
Actual return less expected return on pension scheme assets	8,108	1,414
Experience gains and losses arising on the scheme liabilities	(546)	112
Changes in the assumptions underlying the present value of the scheme's liabilities	(19,376)	(4,584)
Actuarial loss recognised in STRGL	(11,814)	(3,058)

#### Movement in deficit during the year

	2005	2004
	£'000	£'000
Deficit in scheme at beginning of the year	(27,955)	(25,437)
Movement in year:		
Current service cost	(564)	(962)
Employer contributions	1,510	1,801
Other financial income	(325)	(299)
Actuarial loss	(11,814)	(3,058)
Deficit in scheme at end of year	(39,148)	(27,955)

The group is currently making contributions to the scheme of £174,000 (2004: £174,000) per month.

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 19 Pension obligations (continued)

The history of experience gains and losses is:

	2005	2004	2003
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	8,108	1,414	5,097
Percentage of scheme assets at end of year	10.0%	2%	8%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	(546)	112	(113)
Percentage of the present value of scheme liabilities at end of year	(0.5%)	0.1%	(0.1%)
Total amount recognised in statement of total recognised gains and losses:			
Amount (£'000)	(11,814)	(3,058)	(945)
Percentage of the present value of scheme liabilities at end of year	(9.8%)	(3.1%)	(1%)

### 20 Called up share capital

	2005 £'000	2004 £'000
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
100,000 ordinary shares of £1 each	100	100

### 21 Share premium account and reserves

Group	Share premium account £'000	Profit and loss account £'000
At 1 January 2005 as previously reported	33,228	(15,440)
Prior year adjustment – FRS 17	-	(19,061)
At 1 January 2005 as restated	33,228	(34,501)
Retained profit for the financial year	-	514
Actuarial loss on pension scheme	-	(11,814)
Movement on deferred tax relating to pension scheme	-	3,544
<b>At 31 December 2005</b>	<b>33,228</b>	<b>(42,257)</b>



# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 21 Share premium account and reserves (continued)

<b>Company</b>		
At 1 January 2005	33,228	14,088
Dividends	-	(2,338)
<b>At 31 December 2005</b>	<b>33,228</b>	<b>11,750</b>

### 22 Reconciliation of movements in equity shareholders' funds/(deficit)

<b>Group</b>	<b>2005</b> <b>£'000</b>	<b>Restated</b> <b>2004</b> <b>£'000</b>
Profit for the financial year	2,852	6,572
Dividend	(2,338)	-
<b>Retained profit for the financial year</b>	<b>514</b>	<b>6,572</b>
Actuarial loss on pension scheme	(11,814)	(3,058)
Movement on deferred tax relating to pension scheme	3,544	917
Net (reduction)/addition to shareholders' funds	(7,756)	4,431
Opening equity shareholders' funds as previously reported	17,888	14,411
Prior year adjustment – FRS 17	(19,061)	(20,015)
Opening equity shareholders' (deficit) as restated	(1,173)	(5,604)
<b>Closing equity shareholders' (deficit)</b>	<b>(8,929)</b>	<b>(1,173)</b>

<b>Company</b>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Opening equity shareholders' funds	47,416	47,416
Dividends	(2,338)	-
<b>Closing equity shareholders' funds</b>	<b>45,078</b>	<b>47,416</b>

# Sonoco Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2005

### 23 Capital commitments

	2005 £'000	2004 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	54

### 24 Financial commitments

At 31 December 2004 the group had annual commitments under non-cancellable operating leases as follows:

	2005		2004	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	-	39	-	92
Expiring between two and five years	280	112	-	61
Expiring in over five years	75	-	-	21
	355	151	-	174

### 25 Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exemption under FRS 8 not to disclose intra-group transactions.

During the year management fees of £128,000 (2004: £54,000) were charged by Sonoco Cores and Paper Limited and the total balance outstanding to Sonoco Cores and Paper Limited was £228,000 at the year end (2004 year end total balance outstanding from Sonoco Cores and Paper Limited was £3,101,000).

### 26 Ultimate parent company and controlling party

The company's ultimate parent company and controlling party is Sonoco Products Company, which is incorporated in the United States of America. Copies of the ultimate parent's consolidated financial statements may be obtained from The Secretary, Sonoco Products Company, Hartsville, South Carolina 29550, USA.