

Alupack Holdings Limited

**Directors' report and consolidated
financial statements**

Registered number 4316677

31 December 2008



Contents

Officers' and professional advisers	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Independent auditors' report to the members of Alupack Holdings Limited	6
Consolidated profit and loss account	8
Combined statement of movements on reserves and reconciliation of movement in shareholders' funds	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Notes	13

Officers' and professional advisers

Directors

K Tahmasebi (Executive Chairman)
A McMurray (Non-executive)

Secretary

S G Blaken

Registered office

Isfryn Industrial Estate
Blackmill
Bridgend
Mid Glamorgan
CF35 6EQ

Bankers

Lloyds TSB Bank Plc
Lloyds Court
Milton Keynes
Buckinghamshire
MK9 3EH

Auditors

KPMG LLP
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

Directors' report

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

Principal activities

Alupack Holdings Limited is a holding company. The principal activity of its operating subsidiary, Coppice Alupack Limited, is the manufacture and sale of aluminium foil and ovenable board containers principally for the food industry.

Business review

Sales in 2008 increased by over 10% compared to last year at £18,528,000 (2007 - £16,733,000). Even though we achieved net business gains compared to the previous year, 2008 turned out to be another very tough year. High raw material costs and significant pressure on selling prices, because of what we believe to be unsustainable competitive activity, meant further erosion of gross margin during the year. Inflationary pressures on operating costs continued, somewhat offset by increasing productivity. As in the past we ensured that cost saving and productivity measures did not have any negative impact on hygiene, health and safety or maintenance of tools, presses and other plant and machinery areas.

The increase in the price of aluminium in the first eight months of 2008, combined with the strong resistance to selling price increases in the market, resulted in a reduction in margins. The unexpected decrease in aluminium prices in the last four months of the year, following the onset of the recessionary economic environment, resulted in further selling price pressure. This pressure from our customer base ignores the realities of operating businesses like ours in having to secure adequate raw materials, against unreliable and at times non-existent customer forecasts and non-committed requirements, well in advance.

Failure of several customers during the year meant that we had to increase the provision for bad and doubtful debts as well as the provision against raw material and finished goods stocks specific to those customers. There remains continued risk over the financial health of some of our customers in the current uncertain economic environment. However, adequate insurance cover and close monitoring of the customers affected is expected to alleviate the situation somewhat.

Capital expenditure during the year was in excess of £300,000 and consisted of new tools, expenditure on presses, buildings, computer hardware and software and motor vehicles.

Cash flow during the year was satisfactory allowing Group borrowings to be reduced. However, lower selling prices combined with higher costs resulted in lower margins and meant that we were not able to reduce the Group borrowings by as much as we would have liked.

The business is accredited by AIB (American Institute of Bakers) to "Excellent" level and also holds BRC/IOP (British Retail Consortium/Institute of Packaging) accreditation for highest hygiene standards.

Current year has started in line with our expectations and the company is in a relatively healthy financial position. Further action taken in 2009 has meant that we have managed to improve productivity further, which will allow us to cope with the current market conditions.

Directors' report *(continued)*

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The company does not use financial derivatives to manage these risks.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group does not hedge its exposure to these risks, other than by fixing the price of its raw material purchases in sterling at the time of purchase.

Credit risk

The group's financial assets are bank balances and cash, trade and other receivables, finance lease receivables and investments.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company has obtained credit insurance which covers the majority of the receivables from its customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future development, the group uses a mixture of long-term and short-term bank borrowings. Borrowings bear interest at variable rates and are subject to variations in the Bank of England base rate of interest.

The company prepares regular rolling cash flow forecasts, which indicate that it has adequate headroom under its working capital facilities after meeting its day to day trading obligations.

Price risk

The group is exposed to commodity price risk. The company does not manage its exposure to commodity price risk except by fixing the price of contracted purchase commitments in sterling at the time of placing those contracts.

Dividends

The company did not declare a dividend for the financial year (2007: £Nil).

Directors

The directors of the company, who served throughout the financial year, are as shown on page 1.

Charitable donations

Charitable donations during the year amounted to £2,304 (2007: £2,239).

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

On 16 January 2009, Deloitte LLP resigned as auditors and KPMG LLP was appointed in their place. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



S G Blaken
Secretary

Isfryn Industrial Estate
Blackmill
Bridgend
Mid Glamorgan
CF35 6EQ

23 July 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Marlborough House
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

Independent auditors' report to the members of Alupack Holdings Limited

We have audited the financial statements of Alupack Holdings Limited for the year ended 31 December 2008 which comprise the Consolidated profit and loss account, the Combined statement of movements on reserves and reconciliation of movement in shareholders' funds, the Consolidated and Company balance sheets, the Consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Independent auditors' report to the members of Alupack Holdings Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's and group affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG WP

KPMG LLP
Chartered Accountants
Registered Auditor

30th July 2009

Consolidated profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover	<i>1</i>	18,528	16,733
Changes in stocks of finished goods		(37)	(170)
Raw materials and consumables		(10,834)	(9,345)
Other external charges		(2,707)	(2,533)
Staff costs	<i>5</i>	(3,092)	(2,996)
Depreciation and other amounts written off tangible and intangible fixed assets		(1,059)	(1,074)
Other income	<i>6</i>	88	305
Operating profit	<i>2</i>	887	920
Interest receivable and similar income		-	3
Interest payable and similar charges	<i>7</i>	(682)	(837)
Profit on ordinary activities before taxation		205	86
Tax on profit on ordinary activities	<i>8</i>	121	(207)
Profit/(loss) for the financial year		326	(121)

All activities derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

Combined statement of movements on reserves and reconciliation of movement in shareholders' funds

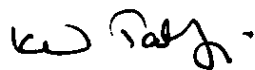
for the year ended 31 December 2008

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total 2008 £'000	Total 2007 £'000
Group					
Balance at 1 January	100	59	1,860	2,019	2,140
Profit/(loss) for the financial year	-	-	326	326	(121)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	100	59	2,186	2,345	2,019
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Company					
Balance at 1 January	100	59	327	486	555
Loss for the financial year	-	-	(94)	(94)	(69)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	100	59	233	392	486
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Consolidated balance sheet
at 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	<i>9</i>	4,384	4,717
Tangible assets	<i>10</i>	5,224	5,623
		<hr/> 9,608	<hr/> 10,340
Current assets			
Stocks	<i>12</i>	2,524	2,302
Debtors	<i>13</i>	3,143	3,743
Cash at bank and in hand		149	185
		<hr/> 5,816	<hr/> 6,230
Creditors: amounts falling due within one year	<i>14</i>	(5,944)	(6,793)
Net current liabilities		<hr/> (128)	<hr/> (563)
Total assets less current liabilities		<hr/> 9,480	<hr/> 9,777
Creditors: amounts falling due after more than one year	<i>15</i>	(6,819)	(7,151)
Provisions for liabilities	<i>16</i>	(316)	(607)
Net assets		<hr/> 2,345	<hr/> 2,019
Capital and reserves			
Called up share capital	<i>17</i>	100	100
Share premium account		59	59
Profit and loss account		2,186	1,860
Shareholders' funds		<hr/> 2,345	<hr/> 2,019

These financial statements were approved by the board of directors on **23 July** 2009 and were signed on its behalf by:

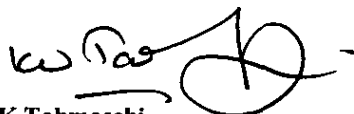


K Tahmasebi
Director

Company balance sheet
at 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Investment in subsidiaries	<i>11</i>	<u>9,209</u>	<u>9,209</u>
Current assets			
Debtors	<i>13</i>	4,920	4,935
Creditors: amounts falling due within one year	<i>14</i>	<u>(842)</u>	<u>(1,608)</u>
Net current assets		<u>4,078</u>	<u>3,327</u>
Total assets less current liabilities		<u>13,287</u>	<u>12,536</u>
Creditors: amounts falling due after more than one year	<i>15</i>	<u>(12,895)</u>	<u>(12,050)</u>
Net assets		<u>392</u>	<u>486</u>
Capital and reserves			
Called up share capital	<i>17</i>	100	100
Share premium account		59	59
Profit and loss account		<u>233</u>	<u>327</u>
Shareholders' funds		<u>392</u>	<u>486</u>

These financial statements were approved by the board of directors on 23 July 2009 and were signed on its behalf by:



K Tahmasebi
Director

Consolidated cash flow statement
for the year ended 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Net cash inflow from operating activities	21	1,590	2,521
Returns on investments and servicing of finance			
Interest received		-	3
Interest paid		(692)	(262)
Net cash outflow from returns on investments and servicing of finance		(692)	(259)
Taxation			
Corporation tax received		-	30
Corporation tax paid		(128)	(346)
		(128)	(316)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(329)	(488)
Receipts from sales of tangible fixed assets		14	13
Net cash outflow from capital expenditure and financial investment		(315)	(475)
Net cash inflow before use of liquid resources and financing		455	1,471
Financing			
Net loans repaid (net of issue costs)		(1,038)	(1,038)
Net cash outflow from financing		(1,038)	(1,038)
(Decrease)/increase in cash in the year	22,23	(583)	433

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

As 100% of the company's voting rights are controlled within the group headed by Alupack Holdings Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard No.8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiary undertakings.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The amount of the profit or loss for the financial year dealt with in the accounts of Alupack Holdings Limited is disclosed in note 3 of these financial statements.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) arising on consolidation is capitalised and amortised by equal annual instalments over its estimated useful life of 20 years.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated so as to write off the cost or valuation of the tangible fixed assets, on a straight-line basis, to their estimated residual value over the expected useful economic lives of the assets concerned. The principal rates are as follows:

Freehold buildings	-	50 years
Plant and machinery	-	5-15 years
Office furniture and equipment	-	2 years
Motor vehicles	-	3 years

No depreciation is provided on freehold land.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and, where appropriate, an attributable proportion of direct labour and production overheads.

Taxation

Current 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 taxation 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. 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 the 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.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

Turnover

Turnover represents the value of goods and services invoiced to customers during the period, net of any returns and rebates, and excludes any value added tax thereon. It is primarily carried out in the United Kingdom and Europe. Revenue is recognised on despatch of goods. The directors consider turnover to arise from one class of business, the group's principal activity.

Pension costs

Retirement benefits for eligible employees are funded by contributions from the group and employees to a separate defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Notes (continued)

2 Operating profit

	2008 £'000	2007 £'000
<i>Operating profit is after charging/(crediting):</i>		
Goodwill amortisation	333	332
Depreciation and amounts written off tangible fixed assets owned assets	726	741
Profit on disposal of fixed assets	(12)	(9)
Foreign exchange differences	(73)	(6)
Auditors' remuneration:		
audit services	15	15
taxation services	6	8
	<u> </u>	<u> </u>

3 Company profit and loss account

The directors have relied upon the exemptions contained within section 230 of the Companies Act 1985 in not presenting the profit and loss account of Alupack Holdings Limited. The loss shown in the separate financial statements of the company for the year is £94,000 (2007: £69,000).

The company audit fee is borne by its subsidiary, Coppice Alupack Limited.

4 Directors emoluments

	2008 £'000	2007 £'000
Directors emoluments	166	135
Money purchase pension scheme contributions	24	24
	<u> </u>	<u> </u>
	190	159
	<u> </u>	<u> </u>

Retirement benefits are accruing to one director (2007: one) under money purchase schemes.

Notes (continued)

5 Staff numbers and costs

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

	2008 No.	2007 No.
Production	144	151
Administration	17	16
	<u>161</u>	<u>167</u>

The aggregate payroll costs of these persons were as follows:

	2008 £'000	2007 £'000
Wages and salaries	2,721	2,642
Social security costs	250	234
Other pension costs (note 20)	121	120
	<u>3,092</u>	<u>2,996</u>

The company has no employees. The directors are remunerated for their services to the group as a whole by Coppice Alupack Limited as it is not practical to apportion the directors' remuneration between group companies.

6 Other income

	2008 £'000	2007 £'000
Other income	88	305
	<u>88</u>	<u>305</u>

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank loans and overdrafts	653	779
Amortisation of debt issue costs	29	58
	<u>682</u>	<u>837</u>

Notes (continued)

8 Taxation

Analysis of (credit)/charge in period

	2008 £'000	2007 £'000
Current taxation		
UK corporation tax	170	128
Adjustment in respect of prior periods	-	-
Total current tax	<u>170</u>	<u>128</u>
Deferred tax		
Origination/reversal of timing differences	(56)	79
Adjustment in respect of prior periods	(235)	-
Total deferred tax	<u>(291)</u>	<u>79</u>
Tax on profit on ordinary activities	<u>(121)</u>	<u>207</u>

Factors affecting the tax charge for the current year:

The current tax charge for the year is higher (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	205	86
Tax on profit on ordinary activities before tax at 28.5% (2007: 30%)	<u>58</u>	<u>26</u>
Factors affecting charge for the year		
Expenses not deductible for tax purposes	14	150
Capital allowances in excess of depreciation	36	35
Other deferred tax movements (non-taxable grant income)	(25)	(83)
Other short-term timing differences	87	-
Current tax charge for the year (see above)	<u>170</u>	<u>128</u>

Factors that may affect future charges

Deferred tax assets and liabilities on all timing differences have been calculated at 28%, being the rate of UK corporation tax effective from 1 April 2008.

Notes (continued)

9 Intangible fixed assets

Group	Goodwill £'000
<i>Cost</i>	
At 1 January 2008 and at 31 December 2008	6,650
<i>Amortisation</i>	
At 1 January 2008	1,933
Charge for the year	333
At 31 December 2008	2,266
<i>Net book value</i>	
At 31 December 2008	4,384
At 31 December 2007	4,717

10 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Office furniture and equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>					
At 1 January 2008	3,937	9,825	275	158	14,195
Additions	34	211	27	57	329
Disposals	-	-	-	(55)	(55)
At 31 December 2008	3,971	10,036	302	160	14,469
<i>Depreciation</i>					
At 1 January 2008	718	7,484	271	99	8,572
Charge for the year	78	597	9	42	726
Disposals	-	-	-	(53)	(53)
At 31 December 2008	796	8,081	280	88	9,245
<i>Net book value</i>					
At 31 December 2008	3,175	1,955	22	72	5,224
At 31 December 2007	3,219	2,341	4	59	5,623

Notes (continued)

11 Fixed asset investments

	2008 £'000	2007 £'000
<i>Company</i>		
Investment in subsidiaries	9,209	9,209

The investment in subsidiaries represents 100% of the issued share capital of Coppice Group Limited, acquired on 8 March 2002, and 100% of the issued share capital of Coppice Alupack Limited, acquired in December 2003.

The company's subsidiary undertakings, all of which are wholly owned and are registered and operate in England and Wales, are as follows:

Subsidiary undertaking	Principal activity
Coppice Alupack Limited	Manufacture and marketing of aluminium foil and ovenable board containers
Coppice Group Limited	Dormant
Harcourt Group Limited *	Dormant
Coppice Foil Containers Limited *	Dormant
Coppice Alupack (Birmingham) Limited *	Dormant

* Not held directly by Alupack Holdings Limited.

12 Stocks

	2008 £'000	2007 £'000
<i>Group</i>		
Raw materials and consumables	1,783	1,598
Finished goods and goods for resale	741	704
	<u>2,524</u>	<u>2,302</u>

13 Debtors

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade debtors	3,049	-	3,643	-
Amounts owed by group undertakings	-	4,919	-	4,919
Deferred tax asset	-	-	-	9
Other debtors	12	1	17	7
Prepayments and accrued income	82	-	83	-
	<u>3,143</u>	<u>4,920</u>	<u>3,743</u>	<u>4,935</u>

Notes (continued)

14 Creditors: amounts falling due within one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Bank overdrafts	969	-	422	-
Bank loans	312	237	1,008	933
Trade creditors	3,280	2	3,773	2
Other creditors, including taxation and social security	1,047	603	1,236	673
Corporation tax	170	-	128	-
Accruals and deferred income	166	-	226	-
	<u>5,944</u>	<u>842</u>	<u>6,793</u>	<u>1,608</u>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the Group.

15 Creditors: amounts falling due after more than one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade creditors	-	-	5	-
Accruals and deferred income	-	-	15	-
Bank and other loans	6,819	6,500	7,131	6,737
Amounts owed to group undertakings	-	6,395	-	5,313
	<u>6,819</u>	<u>12,895</u>	<u>7,151</u>	<u>12,050</u>
<i>Maturity of bank and other loans</i>				
Within one year	312	237	1,008	933
Between one and two years	1,700	1,625	1,937	1,862
Between two and five years	5,100	4,875	5,100	4,875
After more than five years	19	-	94	-
	<u>7,131</u>	<u>6,737</u>	<u>8,139</u>	<u>7,670</u>

Bank and other loans consist of three loans:

1. The subordinated loan of £6,500,000 (2007: £6,500,000) is repayable in instalments by agreement between the company and the loan note holder, bearing interest at commercial rates, being bank base rate plus 2.5% per annum.
2. The senior debt loan of £237,000 (2007: £1,170,000) is repayable by September 2009, bearing interest at commercial rates, being bank base rate plus 2.4% per annum.
3. The mortgage loan of £394,000 (2007: £469,000) is repayable by quarterly instalments ending in March 2014, bearing interest at commercial rates, being bank base rate plus 1.7% per annum.

The bank loans are secured on the assets of the Group.

Notes (continued)

16 Provisions for liabilities

	Deferred tax £'000
<i>Group</i>	
At 1 January 2008	607
Credit for the year	(291)
	<hr/>
At 31 December 2008	316
	<hr/> <hr/>

The amounts of deferred taxation provided in the financial statements are as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	319	619
Short-term timing differences	(3)	(12)
	<hr/>	<hr/>
	316	607
	<hr/> <hr/>	<hr/> <hr/>

17 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
65,001 "A" ordinary shares of £1 each	65,001	65,001
34,999 "B" ordinary shares of £1 each	34,999	34,999
	<hr/>	<hr/>
	100,000	100,000
	<hr/> <hr/>	<hr/> <hr/>
<i>Called up, allotted and fully paid</i>		
65,001 "A" ordinary shares of £1 each	65,001	65,001
34,999 "B" ordinary shares of £1 each	34,999	34,999
	<hr/>	<hr/>
	100,000	100,000
	<hr/> <hr/>	<hr/> <hr/>

The rights attached to the "A" and "B" ordinary shares rank *pari passu* in all respects except in circumstances where certain conditions with regards to the financial performance of the company have not been met or the holders of the "B" ordinary shares are in material breach of the agreement between the shareholders of the company, when the holders of the "A" ordinary shares can exercise any and all rights including any voting rights attached to the "B" ordinary shares. In addition, if the holders of "A" ordinary shares wish to transfer their shares in the company to a third party, then the holders of such "A" ordinary shares have the option to require the holders of "B" ordinary shares to transfer all their shares in the company on the same terms to the same third party.

Notes (continued)

18 Capital commitments

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Amounts contracted for, but not provided	24	-	27	-

19 Contingent liabilities

Under group banking arrangements, the company has given guarantees, together with certain other group companies, in respect of bank loans and short-term bank borrowings of other group companies which, at 31 December 2008, amounted to £1,363,000 (2007: £891,000).

20 Pensions

The group operates a defined contribution pension scheme through Friends Provident. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £121,000 (2007: £120,000).

An amount of £10,711 (2007: £10,639) in pension contributions was outstanding at the year-end and was paid in January 2009.

21 Reconciliation of operating profit to net cash inflow from operating activities

	2008 £'000	2007 £'000
Operating profit	887	920
Goodwill amortisation	333	332
Depreciation	726	741
Profit on sale of tangible fixed assets	(12)	(9)
Increase in stocks	(222)	(744)
Decrease in debtors	601	11
(Decrease)/increase in creditors	(635)	1,515
Release of other income	(88)	(245)
Net cash inflow from operating activities	1,590	2,521

Notes (continued)

22 Analysis of net debt

	At 1 January 2008 £'000	Net cash flows £'000	Other non- cash changes £'000	At 31 December 2008 £'000
Cash at bank and in hand	185	(36)	-	149
Bank overdrafts	(422)	(547)	-	(969)
	(237)	(583)	-	(820)
Debt due within one year	(1,008)	726	(30)	(312)
Debt due after one year	(7,131)	312	-	(6,819)
	(8,139)	1,038	(30)	(7,131)
	(8,376)	455	(30)	(7,951)

23 Reconciliation of net cash flow to movement in net debt

	2008 £'000	2007 £'000
(Decrease)/increase in cash in the year	(583)	433
Cash outflow from decrease in debt	1,038	1,038
Change in net debt resulting from cash flows	455	1,471
Amortisation of issue costs (non-cash)	(30)	(58)
Net debt at start of the year	(8,376)	(9,789)
Net debt at end of the year	(7,951)	(8,376)

24 Ultimate parent undertaking and controlling party

Alupack Holdings Limited is the parent company of the smallest and largest group which prepares group financial statements. The directors consider there to be no ultimate controlling party.