Alupack Holdings Limited

Directors' report and consolidated financial statements
31 December 2009

Registered Number - 4316677

Contents

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 2009

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 2009 were £16 8 million (2008 - £18 5 million) Lower scrap metal recoveries and the business declining a significant amount of turnover at prices with no or little margin, resulted in lower sales compared to the previous year At the beginning of the year we predicted very tough market conditions for 2009 and these materialised Even though metal prices, in the early part and on average during 2009, were lower than the average prices in 2008, long lead times, delays in on time delivery by suppliers and lack of meaningful forecasts from the majority of our customers meant that we were not able to benefit from the lower metal prices, our single biggest expense. As noted in 2008, spare capacity in the market and unsustainable pricing practices in a period of slow economic activity, lead to financial difficulties and change in ownership among some of the businesses operating in our market

The price of aluminium, our single biggest cost, is now subject to all sorts of influences and not just the supply and demand equation A number of investment funds 'play' the commodity markets, including aluminium, and in the process tie up significant amounts of stocks in financial arbitrage deals, causing artificial physical shortages and in the process driving up the prices The vagaries of the exchange rates (as aluminium contracts on the London Metal Exchange are priced in US dollars) add to the difficulty in an environment where customers continue to demand fixed price contracts of twelve months duration or more Margins in the industry have been eroded significantly in the past three years and were particularly hit last year as the prevailing economic environment forced most of our customers to take drastic measures to survive by demanding ever lower prices from suppliers like ourselves So far the players in our industry have managed to continue operating owing to support from their new owners However, if this trend continues much longer there is a strong possibility that lack of returns combined with inability/unwillingness to invest, will begin to drive businesses out of the sector

Faced with the situation described above we took further measures to reduce costs and increase productivity during 2009 with some success, without adverse impact on service levels to our customers or the product quality A number of initiatives are currently underway to build on the improvements achieved in 2009 None of this could have been achieved without the dedication and hard work of the people in our business

Even though profitability suffered in the year owing to the foregoing, cash flow was positive allowing the Group borrowings to be further reduced

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 slightly ahead of our expectations and the company is in a relatively healthy financial position Whilst it is very early days, we are cautiously optimistic for some improvement in financial performance in 2010

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 group 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 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 group 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 interest rate

The group 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 group 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 *(2008 £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 £1,567 *(2008 £2,304)*

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

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

13 MAY 2010

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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,
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

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 2009 set out on pages 8 to 23 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 5, 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
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion the financial statements

• give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended

• have been properly prepared in accordance with UK Generally Accepted Accounting Practice and

• have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

• the parent company 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

KMaguire

Karen Maguire (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

21ST MAY
2010

Consolidated profit and loss account

for the year ended 31 December 2009

	Note	2009 £'000	2008 £ 000
Turnover		**16,807**	18,528
Changes in stocks of finished goods		**39**	(37)
Raw materials and consumables		**(10,066)**	(10,834)
Other external charges		**(2,467)**	(2,707)
Staff costs	*5*	**(2,875)**	(3,092)
Depreciation and other amounts written off tangible and intangible fixed assets		**(949)**	(1,059)
Other operating income	*6*	**15**	88
Operating profit	*2*	**504**	887
Interest payable and similar charges	*7*	**(256)**	(682)
Profit on ordinary activities before taxation		**248**	205
Tax on profit on ordinary activities	*8*	**(159)**	121
Profit for the financial year		**89**	326

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 2009

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total 2009 £'000	Total 2008 £'000
Group					
Balance at 1 January	100	59	2,186	2,345	2,019
Profit for the financial year	-	-	89	89	326
Balance at 31 December	**100**	**59**	**2,275**	**2,434**	**2,345**
Company					
Balance at 1 January	100	59	233	392	486
Loss for the financial year	-	-	(173)	(173)	(94)
Balance at 31 December	**100**	**59**	**60**	**219**	**392**

Consolidated balance sheet
at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	*9*	**4,051**	4,384
Tangible assets	*10*	**4,797**	5,224
		8,848	9,608
Current assets			
Stocks	*12*	**2,134**	2,524
Debtors	*13*	**2,791**	3,143
Cash at bank and in hand		**95**	149
		5,020	5,816
Creditors amounts falling due within one year	*14*	**(4,429)**	(5,944)
Net current assets/(liabilities)		**591**	(128)
Total assets less current liabilities		**9,439**	9,480
Creditors: amounts falling due after more than one year	*15*	**(6,744)**	(6,819)
Provisions for liabilities	*16*	**(261)**	(316)
Net assets		**2,434**	2,345
Capital and reserves			
Called up share capital	*17*	**100**	100
Share premium account		**59**	59
Profit and loss account		**2,275**	2,186
Shareholders' funds		**2,434**	2,345

These financial statements were approved by the board of directors on 13 May 2010 and were signed on its behalf by

K Tahmasebi
Director

Company balance sheet
at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investment in subsidiaries	*11*	**9,209**	9,209
Current assets			
Debtors	*13*	**4,920**	4,920
Creditors amounts falling due within one year	*14*	**(302)**	(842)
Net current assets		**4,618**	4,078
Total assets less current liabilities		**13,827**	13,287
Creditors amounts falling due after more than one year	*15*	**(13,608)**	(12,895)
Net assets		**219**	392
Capital and reserves			
Called up share capital	*17*	**100**	100
Share premium account		**59**	59
Profit and loss account		**60**	233
Shareholders' funds		**219**	392

These financial statements were approved by the board of directors on 13 May 2010 and were signed on its behalf by

K Tahmasebi
Director

Consolidated cash flow statement
for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	*21*	**1,301**	1,590
Returns on investments and servicing of finance			
Interest paid		**(555)**	(692)
Net cash outflow from returns on investments and servicing of finance		**(555)**	(692)
Taxation			
Corporation tax received		**2**	-
Corporation tax paid		**(170)**	(128)
		(168)	(128)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(219)**	(329)
Receipts from sales of tangible fixed assets		**16**	14
Net cash outflow from capital expenditure and financial investment		**(203)**	(315)
Net cash inflow before financing		**375**	455
Financing			
Net loans repaid (net of issue costs)		**(316)**	(1,038)
Net cash outflow from financing		**(316)**	(1,038)
Increase/(decrease) in cash in the year	*22,23*	**59**	(583)

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 on the going concern basis 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 408 of the Companies Act 2006 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 arises 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

	2009 £'000	2008 £ 000
Operating profit is after charging/(crediting)		
Goodwill amortisation	**333**	333
Depreciation and amounts written off tangible fixed assets		
owned assets	**616**	726
Loss/(profit) on disposal of fixed assets	**14**	(12)
Foreign exchange differences	**(7)**	(73)
Auditors' remuneration		
audit services	**14**	15
taxation services	**2**	6

3 Company profit and loss account

The directors have relied upon the exemptions contained within section 408 of the Companies Act 2006 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 £173,000 *(2008 £94,000)*

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

4 Directors emoluments

	2009 £'000	2008 £'000
Directors emoluments	**171**	166
Money purchase pension scheme contributions	**26**	24
	197	190

Retirement benefits are accruing to one director *(2008 one)* under a money purchase scheme

Notes *(continued)*

5 Staff numbers and costs

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

	2009	2008
	No.	No
Production	**121**	144
Administration	**15**	17
	136	161

The aggregate payroll costs of these persons were as follows

	2009	2008
	£'000	£'000
Wages and salaries	**2,525**	2,721
Social security costs	**229**	250
Other pension costs (note 20)	**121**	121
	2,875	3,092

6 Other operating income

	2009	2008
	£'000	£'000
Other income	**15**	88

7 Interest payable and similar charges

	2009	2008
	£'000	£ 000
Bank loans and overdrafts	**252**	653
Amortisation of debt issue costs	**4**	29
	256	682

Notes *(continued)*

8 Taxation

Analysis of charge/(credit) in period

	2009 £'000	2008 £'000
Current taxation		
UK corporation tax	**215**	170
Adjustment in respect of prior periods	**(1)**	-
Total current tax	**214**	170
Deferred tax		
Origination/reversal of timing differences	**(55)**	(56)
Adjustment in respect of prior periods	**-**	(235)
Total deferred tax	**(55)**	(291)
Tax on profit on ordinary activities	**159**	(121)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2008 higher)* than the standard rate of corporation tax in the UK of 28% *(2008 28 5%)* The differences are explained below

	2009 £'000	2008 £ 000
Profit on ordinary activities before tax	**248**	205
Tax on profit on ordinary activities before tax at 28% (2008 28 5%)	**69**	58
Factors affecting charge for the year		
Expenses not deductible for tax purposes	**3**	14
Capital allowances in excess of depreciation	**56**	36
Non-taxable grant income	**(4)**	(25)
Adjustment in respect of prior periods	**(1)**	1
Other short-term timing differences	**91**	86
Current tax charge for the year (see above)	**214**	170

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
Cost	
At 1 January 2009 and at 31 December 2009	6,650
Amortisation	
At 1 January 2009	2,266
Charge for the year	333
At 31 December 2009	2,599
Net book value	
At 31 December 2009	**4,051**
At 31 December 2008	4,384

10 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Office furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2009	3,971	10,036	302	160	14,469
Additions	-	126	24	69	219
Disposals	(34)	(204)	(192)	(50)	(480)
At 31 December 2009	3,937	9,958	134	179	14,208
Depreciation					
At 1 January 2009	796	8,081	280	88	9,245
Charge for the year	79	472	20	45	616
Disposals	(4)	(204)	(192)	(50)	(450)
At 31 December 2009	871	8,349	108	83	9,411
Net book value					
At 31 December 2009	**3,066**	**1,609**	**26**	**96**	**4,797**
At 31 December 2008	3,175	1,955	22	72	5,224

Notes *(continued)*

11 Fixed asset investments

	2009 £'000	2008 £'000
Company		
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

	2009 £'000	2008 £'000
Group		
Raw materials and consumables	**1,432**	1,783
Finished goods and goods for resale	**702**	741
	2,134	2,524

13 Debtors

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Trade debtors	**2,697**	-	3,049	-
Amounts owed by group undertakings	-	**4,919**	-	4,919
Other debtors	**6**	**1**	12	1
Prepayments and accrued income	**88**	-	82	-
	2,791	**4,920**	3,143	4,920

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank overdrafts	**843**	**-**	969	-
Bank loans	**75**	**-**	312	237
Trade creditors	**2,489**	**2**	3,280	2
Other creditors, including taxation and social security	**675**	**300**	1,047	603
Corporation tax	**214**	**-**	170	-
Accruals and deferred income	**133**	**-**	166	-
	4,429	**302**	5,944	842

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 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank and other loans	**6,744**	**6,500**	6,819	6,500
Amounts owed to group undertakings	**-**	**7,108**	-	6,395
	6,744	**13,608**	6,819	12,895
Maturity of bank and other loans				
Within one year	**75**	**-**	312	237
Between one and two years	**75**	**-**	1,700	1,625
Between two and five years	**6,669**	**6,500**	5,100	4,875
After more than five years	**-**	**-**	19	-
	6,819	**6,500**	7,131	6,737

Bank and other loans consist of three loans

1 The subordinated loan of £6,500,000 (2008 £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 £Nil (2008 £237,000) has been repaid

3 The mortgage loan of £319,000 (2008 £394,000) 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
Group	
At 1 January 2009	316
Credit for the year	(55)
At 31 December 2009	**261**

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

	2009 £'000	2008 £'000
Accelerated capital allowances	**261**	319
Short-term timing differences	**-**	(3)
	261	316

17 Called up share capital

	2009 £	2008 £
Authorised		
65,001 'A' ordinary shares of £1 each	**65,001**	65,001
34,999 "B' ordinary shares of £1 each	**34,999**	34,999
	100,000	100,000
Called up, allotted and fully paid		
65 001 "A' ordinary shares of £1 each	**65,001**	65,001
34,999 'B' ordinary shares of £1 each	**34,999**	34,999
	100,000	100,000

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 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Amounts contracted for, but not provided	-	-	24	-

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 2009, amounted to £1,182,000 *(2008 £1,363,000)*

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 *(2008 £121,000)*

An amount of £Nil *(2008 £11,000)* in pension contributions was outstanding at the year-end

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

	2009 £'000	2008 £'000
Operating profit	**504**	887
Goodwill amortisation	**333**	333
Depreciation	**616**	726
Loss/(profit) on sale of tangible fixed assets	**14**	(12)
Decrease/(increase) in stocks	**390**	(222)
Decrease in debtors	**352**	601
Decrease in creditors	**(893)**	(635)
Release of other income	**(15)**	(88)
Net cash inflow from operating activities	**1,301**	1,590

Notes *(continued)*

22 Analysis of net debt

	At 1 January 2009 £'000	Net cash flows £'000	Other non-cash changes £'000	**At 31 December 2009 £'000**
Cash at bank and in hand	149	(67)	13	**95**
Bank overdrafts	(969)	126	-	**(843)**
	(820)	59	13	**(748)**
Debt due within one year	(312)	241	(4)	**(75)**
Debt due after one year	(6,819)	75	-	**(6,744)**
	(7,131)	316	(4)	**(6,819)**
	(7,951)	375	9	**(7,567)**

23 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Increase/(decrease) in cash in the year	**59**	(583)
Cash outflow from decrease in debt	**316**	1,038
Change in net debt resulting from cash flows	**375**	455
Amortisation of issue costs (non-cash)	**(4)**	(30)
Foreign exchange	**13**	-
Net debt at start of the year	**(7,951)**	(8,376)
Net debt at end of the year	**(7,567)**	(7,951)

24 Related party transactions

Included within bank and other loans is £6,500,000 (2008 £6,500,000) payable to Lloyds Development Capital, a related party by way of share ownership Further detail is provided in note 15

25 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