

Company Number 5217791

Sphere Consumer Products plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2012



Sphere Consumer Products plc

COMPANY INFORMATION

<i>Directors</i>	<i>Jean-Marc Nony Hugh Joseph McAulay Marie Jose Persenda Hugh Weston-Smith Bjorn Arild Hoem</i>
<i>Secretary</i>	<i>Thomson Smith & Puxon (Secretarial Services) Limited Stable 6 Stable Road Colchester Essex CO2 7GL</i>
<i>Company number</i>	<i>5217791</i>
<i>Registered Office</i>	<i>Unit 15 Yew Tree Way Stone Cross Park Golborne WA3 3JD</i>
<i>Auditors</i>	<i>KPMG LLP (appointed August 2012) St James Square Manchester M2 6DS Ernst & Young LLP (resigned June 2012)</i>
<i>Bank</i>	<i>National Westminster Bank Plc Knightsbridge Po Box 6037 186 Brompton Road London SW3 1XJ</i>

Sphere Consumer Products plc

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DIRECTORS' REPORT

The Directors present their report together with audited financial statements for the year ended 31 December 2012

Principal Activities and Business Review

The principal activity of the Company continues to be the manufacture and distribution of foodwraps and household packaging

Raw material prices and exchange rates stabilised in 2012 allowing operation margins to be maintained. However, the full effect of the volume that was relinquished in 2011 was realised in 2012 resulting in a reduction in turnover of 57% versus 2011. This in turn resulted in an operating loss.

The Business has now been geared towards increasing turnover in 2013, fully utilising the reduced workforce, and building new commercial platforms based on Group products. As such, the Directors expect to increase turnover significantly in 2013 whilst working closely with existing customers to maintain margins and build on strong relationships.

The Company's key financial and other performance indicators during the year were as follows

	12 months to 31 December 2012 £'000	12 months to 31 December 2011 £'000	Movement %
Turnover	7,144	16,722	-57%
Shareholders' Funds	1,362	2,011	-32%
Operating Loss	(777)	(100)	677%
Average Number of employees	30	36	-17%

Results and Dividends

The loss for the year after taxation amounted to £649,000 (2011 Loss £190,000)

The Directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011 £Nil)

Future Outlook

General trading conditions into 2013 continue to be challenging with much volatility in both raw material pricing and currency markets. The business continues to work closely with our customers to maintain margins and build on strong relationships.

The business is involved in negotiations with a number of customer that should, if successful, have a positive impact on turnover and profitability in 2013.

DIRECTORS' REPORT (CONTINUED)

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are considered to be credit risk, foreign currency risk, liquidity risk and risks arising from competitive pressures

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require customers to demonstrate an appropriate payment history and satisfy credit worthiness procedures

Foreign Currency Risk

The Company buys and sells goods denominated in currencies other than sterling. As a result the value of the Company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by the movements in exchange rates in general, Euro rates in particular. The Company enters into derivative transactions in the form of forward currency contracts. The purpose being to manage its currency risks arising from operations

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Directors are confident of the Company's borrowing facilities, which are reviewed annually, and have been renewed for the next 12 months. Taking this into consideration, along with the Company's membership of the Group Cash Management arrangement, organised by the ultimate parent company, SPhere S A, the Directors believe that the Company is properly prepared to meet its continuing liquidity needs

Competitive Pressures

The continuing import of cheap finished goods from various regions of the world is a threat to margins in all areas of our business. Therefore, we remain committed to running a lean manufacturing organisation that offers and incorporates excellent customer service and strongly believe in fair trading

Directors

The Directors who served during the period are

Antoine Jean Michel Chauvin (resigned 31 Dec 2012)
Jean-Marc Nony (appointed 5 Feb 2013)
Hugh Joseph McAulay
Mane Jose Persenda
Hugh Weston-Smith
Bjorn Arild Hoem

DIRECTORS' REPORT (CONTINUED)

Creditor Payment Policy

It is the Company's policy to settle terms of payment with suppliers when agreeing the terms of the transaction, to ensure suppliers are aware of these and abide by them. Normally, suppliers are advised as soon as practicable of a dispute and payment is made of that part of the invoice which is not in dispute unless good reason exists. Total creditor days for the period ending 31 December 2012 was 50 days (2011: 57 days)

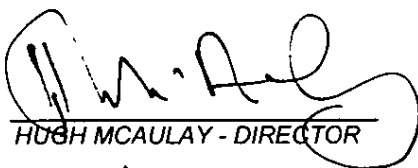
Disclosure of information to auditors

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 aware, and each director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

KPMG LLP have been appointed as the Company's auditors during the year and a resolution to re-appoint KPMG LLP will be put to the forthcoming annual general meeting

BY ORDER OF THE BOARD


HUGH MCAULAY - DIRECTOR

24/06/2013
DATE

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)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,*
- make judgements 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPHERE CONSUMER PRODUCTS PLC

We have audited the financial statements of Sphere Consumer Products plc for the year ended 31 December 2012 set out on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom 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 website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,*
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and*
- have been prepared in accordance with the requirements of the Companies Act 2006*

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT (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, or returns adequate for our audit have not been received from branches not visited by us, or*
- *the financial statements are not in agreement with the accounting records and returns, or*
- *certain disclosures of directors' remuneration specified by law are not made, or*
- *we have not received all the information and explanations we require for our audit*



Frances Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Chartered Accountants
St James Square,
Manchester
M2 6DS

24 June 2013

PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 2012

	Notes	12 months to 31 December 2012 £'000	12 months to 31 December 2011 £'000
Turnover	2	7,144	16,722
<i>Cost of Sales</i>		(6,052)	(14,239)
Gross Profit		<u>1,092</u>	<u>2,483</u>
<i>Distribution costs</i>		(220)	(393)
<i>Administrative expenses</i>		(1,649)	(2,190)
Operating (Loss)	3	<u>(777)</u>	<u>(100)</u>
<i>Interest payable and similar charges</i>	4	(16)	(90)
(Loss) on ordinary activities before taxation		<u>(793)</u>	<u>(190)</u>
<i>Taxation</i>	5	144	-
(Loss) on ordinary activities after taxation	14	<u><u>(649)</u></u>	<u><u>(190)</u></u>

All of the results for the current and previous year have arisen from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2012

There are no recognised gains and losses other than those reported in the profit and loss account

Sphere Consumer Products plc

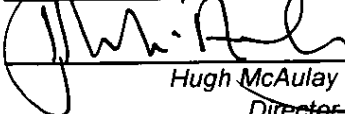
Company Number 5217791

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
<i>Tangible assets</i>	6	604	875
Current assets			
<i>Stocks</i>	7	1,546	1,579
<i>Debtors</i>	8	1,265	1,993
<i>Cash at bank and in hand</i>		13	25
		2,824	3,597
Creditors amounts falling due within one year	9	(2,066)	(2,461)
Net current assets		758	1,136
Total assets less current liabilities		1,362	2,011
Capital and reserves			
<i>Share Capital</i>	13	2,800	2,800
<i>Profit and Loss account</i>	14	(1,438)	(789)
Shareholders' funds	14	1,362	2,011

The financial statements of Sphere Consumer Products Plc for the year ended 31 December 2012 were approved and authorised for issue by the Board of Directors on

and the Balance Sheet was signed on the Board's behalf by

24/06/2013

 Hugh McAulay
 Director

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

1.1 Basis of preparation

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

1.2 Going Concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current financing arrangements as further detailed on page 4. The Directors are confident of these financing arrangements for the next 12 months. Considering this, in conjunction with the Company's membership of the Group's Cash Management arrangement (detailed on page 4), the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. The Directors, therefore, conclude these factors should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment

1.3 Cash Flow Statement

The Directors have taken advantage of the exemption given in the Financial Reporting Standard No 1 (revised) in that these accounts do not include a cash flow statement because the company is a wholly owned subsidiary of Sphere SA, whose financial statements include a group cash flow statement

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

	-	Over number of remaining months left on lease
Land and buildings	-	5-10 years
Plant and machinery	-	5-10 years
Fixtures, fittings & equipment	-	1-3 years
Motor vehicles		

Carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

1 5. Leasing

Total rentals payable under operating leases are charged against income on a straight line basis over the lease term

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2012

1.6. Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

<i>Raw materials, consumables and goods for resale</i>	-	<i>purchase cost on a first in, first out basis</i>
<i>Finished goods</i>	-	<i>cost of direct materials and attributable costs based on a normal level of activity</i>

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

17. Pensions

These are defined contribution money purchase plans

The company contributes to certain employees and director's personal pension plans and these contributions are charged to income as incurred

18 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more than likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

19 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. All differences are taken to profit and loss account

At the balance sheet date the company had entered into foreign currency contracts to buy Euros on which the total sterling equivalent amounted to £204,000 (2011 £973,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2012

1 10 Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

2 Turnover

Turnover represents the amounts derived from the continuing activity of manufacture and distribution of foodwraps, net of VAT.

The analysis of turnover by geographical market is as follows

	12 months to 31 December 2012 £'000	12 months to 31 December 2011 £'000
U K Sales	6,057	15,310
E U Sales	1,005	1,392
Non E U Sales	82	20
	<u>7,144</u>	<u>16,722</u>

3. Operating (Loss)

This is stated after charging/(crediting)

	12 months to 31 December 2012 £'000	12 months to 31 December 2011 £'000
Depreciation of tangible assets	271	289
(Gain) / Loss on foreign exchange transactions	2	(4)
Operating lease rental - Land and buildings	227	227
Auditors remuneration - Audit of the financial statements	15	18
Redundancy Expense	-	262

4. Interest Payable

Amounts payable to group undertakings
Bank loans and overdrafts

	12 months to 31 December 2012 £'000	12 months to 31 December 2011 £'000
Amounts payable to group undertakings	4	3
Bank loans and overdrafts	12	87
	<u>16</u>	<u>90</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2012

5. Taxation	12 months to 31 December	12 months to 31 December
	2012 £'000	2011 £'000
Tax on profit on ordinary activities		
Current tax,		
UK Corporation tax	-	-
UK Group relief receivable	144	-
Total current tax	144	-
Deferred tax		
Originating and reversal of timing differences	-	-
	-	-
	-	-

Factors affecting the tax credit for the year

The current tax charge for the year is higher than the standard rate of corporation tax in the United Kingdom (24.5%, 2011 26.5%). The differences are explained below

(Loss) on ordinary activities before tax	(793)	(190)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(194)	(50)
<u>Effect of</u>		
Disallowed expenses and non-taxable income	25	20
Capital allowances in deficit of depreciation	25	23
Short term timing differences	-	(46)
Group relief surrendered	144	-
Payments for group relief	(144)	-
Tax losses utilised	-	53
	(144)	-

In his budget of 21 March 2012, the Chancellor of the Exchequer announced certain tax changes which have a significant effect on the Company's future tax position. The proposals included phased reductions in the corporation tax rate to 22% from 1 April 2014. The 2012 Finance Bill will contain proposals to reduce the corporation tax rate to 24% from 1 April 2012 and to 23% from 1 April 2013 with the further reductions to 22% expected to be reflected in future Finance Acts.

As at 31 December 2012, only the reduction in the rate to 23% (proposed in the previous budget of 23 March 2012) had been 'substantively enacted' and this has been reflected in the Company's financial statements as at 31 December 2012.

The rate change would impact the amount of future cash tax payments to be made by the company. The effect on the company of the proposed changes to the UK tax system will be reflected in the financial statements of the company in future years, as appropriate, once the proposals have been substantively enacted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2012

6	Tangible fixed assets	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
		£'000	£'000	£'000	£'000	£'000
	Cost					
	At 1 January 2012	660	1,206	168	74	2,109
	Additions	-	-	-	-	-
	Disposals	-	-	-	-	-
	As at 31 December 2012	660	1,206	168	74	2,109
	Depreciation					
	At 1 January 2012	465	598	119	52	1,234
	Charge for the year	68	167	19	17	271
	Disposals	-	-	-	-	-
	As at 31 December 2012	533	765	138	69	1,505
	Net Book Value					
	As at 31 December 2012	127	441	30	5	604
	As at 31 December 2011	195	608	50	22	875

7	Stocks	2012 £'000	2011 £'000
	Raw materials	348	692
	Finished goods and goods for resale	1,086	688
	Packaging	112	199
		1,546	1,579

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2012

8 Debtors amounts falling due within one year	2012 £'000	2011 £'000
Trade debtors	999	1,723
Amounts due from group undertakings	146	80
Prepayments and accrued income	120	190
	<u>1,265</u>	<u>1,993</u>

9 Creditors amounts falling due within one year	2012 £'000	2011 £'000
Bank overdraft	636	804
Bank loans	-	-
Trade creditors	483	480
Amounts due to group undertakings	871	910
Other taxes and social security costs	(24)	161
Accruals	100	106
	<u>2,066</u>	<u>2,461</u>

The bank overdraft is secured on the Company's trade debtors

10. Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes

11. Deferred Tax	2012 £'000	2011 £'000
Accelerated capital allowances	(13)	(40)
Tax losses	46	50
Total unrecognised deferred tax	<u>33</u>	<u>10</u>

Deferred tax assets amounts of £33k have not been recognised on the grounds that there is insufficient evidence that the asset will be recovered, that there is uncertainty of the future rate and the amount involved is not significant

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2012

12 Pension costs

The Company contributes to certain employees and Directors' personal pension plans and these contributions are charged to income as incurred

	2012 £'000	2011 £'000
Defined contribution		
<i>Contributions payable by the company outstanding for the period</i>	-	3
	-	3
	2012 £'000	2011 £'000
Defined contribution		
<i>Contributions paid by the company in the year</i>	20	19
	20	19

13 Share Capital

	2012 £'000	2011 £'000
<i>Allotted and fully paid ordinary shares of £1 each</i>	2,800	2,800

14 Reconciliation of movements in shareholders funds

	Share Capital £'000	Profit & Loss Account £'000	Total £'000
<i>As at 1 January 2011</i>	2,800	(599)	2,201
<i>Loss for the period</i>	-	(190)	(190)
<i>As at 1 January 2012</i>	2,800	(789)	2,011
<i>Loss for the period</i>	-	(649)	(649)
<i>As at 31 December 2012</i>	2,800	(1,438)	1,362

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2012

15 Staff Costs

	2012 £'000	2011 £'000
<i>Wages and Salaries</i>	668	1,022
<i>Social Security Costs</i>	82	109
<i>Staff Pension Contributions</i>	28	30
	<u>778</u>	<u>1,161</u>

The average monthly number of employees, including directors, during the year was made up as follows

	2012 No	2011 No
<i>Production</i>	21	26
<i>Selling</i>	2	3
<i>Office and management</i>	7	7
	<u>30</u>	<u>36</u>

16. Directors emoluments

The directors' aggregate emoluments in respect of qualifying services were,

	2012 £'000	2011 £'000
<i>Emoluments</i>	93	93
<i>Value of company pension contributions to money purchase pension scheme</i>	7	7
	<u>100</u>	<u>100</u>

The number of directors who were accruing benefits under the company pension scheme was as follows

	2012 No	2011 No
<i>Money purchase scheme</i>	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2012

17. Financial Commitments

The payments which the Company are committed to make in the next year for Land & Buildings under operating leases are as follows,

	2012 £'000	2011 £'000
Lease expiring		
Within one year	-	-
Two to five years	227	227
Over five years	-	-
	<u>227</u>	<u>227</u>

Nil outstanding capital commitments exist at year end

18 Ultimate controlling party

The company is a wholly-owned subsidiary of Sphere Consolidated Holdings UK Plc, a company incorporated in England and Wales. The ultimate parent company is Sphere SA, a company incorporated in France.

The consolidated accounts of Sphere SA are available to the public and can be obtained from the Greffe du Tribunal de Commerce de Paris, 1 quai de la Corse, 75181 Paris cedex 04.

19 Related party transactions

The Company has taken advantage of the exemption in FRS 8, para 3c, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to transactions are wholly owned by the ultimate controlling parent.