

Company Number 5217791

Sphere Consumer Products plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2014

WEDNESDAY



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15/04/2015

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COMPANIES HOUSE

Sphere Consumer Products plc

COMPANY INFORMATION

<i>Directors</i>	<i>JM Nony H McAulay MJ Persenda H Weston Smith B A 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>Suite H2, Chadwick House Warrington Road Birchwood Warrington WA3 6AE</i>
<i>Auditors</i>	<i>KPMG LLP 1 St Peters Square Manchester M2 3AE</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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STRATEGIC REPORT

The principal activity of the Company is the distribution of food wraps, household waste bags and household packaging products.

Following the losses reported by the business in 2013, the Directors conducted a full and fundamental review of the business in 2014. This review was completed in May 2014 and concluded that the SCP business would continue but that it should no longer support a manufacturing and warehousing unit. All the actions associated with this decision were completed during the year, sadly requiring significant redundancies; exceptional costs linked to this amounted to £309k, contributing to 41% of the operating loss for the year ended 31 December 2014.

New supply chain routes for finished goods have been developed that have ensured the smooth transition from a manufacturing business to a trading business. New offices and contracted warehouse and logistic services have been established.

With sales turnover improved through 2014 (8%), the Directors remain confident that new business and customers can be realised and continue to explore ways to maximise the excellent reputation of the Company. The focus of the business will fundamentally switch to being sales driven through 2015.

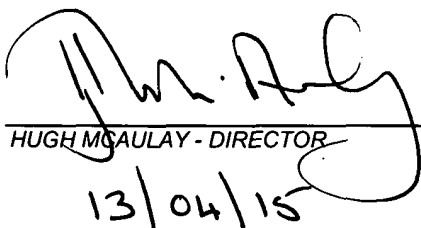
The Company's key financial and other performance indicators during the year were as follows:

	12 months to 31 December 2014	12 months to 31 December 2013	Movement %
	£'000	£'000	
Turnover	8,277	7,639	8%
Shareholders' funds	11	453	-98%
Operating loss	(754)	(887)	-15%
Average number of employees	22	30	-27%

Future Outlook

In order to re-establish the Capital base of the business, now that all the organisational changes have been completed, the Directors are pleased to report that a £300k capital increase was approved and implemented on 26 February 2015. With an increased focus on both sales in general and of Group products in particular, the successful transition to a trading business with the removal of the previous overhead structure, and the continuing good relationships with our customers, the Directors remain confident for the future of the Business and its ability to function as a profitable entity going forward.

BY ORDER OF THE BOARD


HUGH MCAULAY - DIRECTOR

13/04/15
DATE

DIRECTORS' REPORT

Results and Dividends

The loss for the year 2014 after taxation amounted to £742k (2013: £909k). The Directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013:nil).

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 and the Directors continue to monitor closely the fluctuations associated with global currency exchange rates. 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 and 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. The Directors continue to monitor closely the global currency markets.

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 continue to operate on a 3-month rolling contract. 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.

DIRECTORS' REPORT (CONTINUED)

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, the Directors remain committed to running a lean organisation that offers and incorporates excellent customer service and that strongly believes in fair trading.

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 2014 was 45 days (2013: 50 days).

Directors

The Directors who served during the period are:

*JM Nony
H McAulay
MJ Persenda
H Weston Smith
B A Hoem*

Disclosure of Information to Auditor

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.

Auditor

KPMG LLP has acted as the Company's auditor 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

13/4/15
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 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 2014 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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR 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
1 St Peters Square
Manchester
M2 3AE

14 April 2015

PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 2014

	Notes	12 months to 31 December 2014 £'000	12 months to 31 December 2013 £'000
Turnover	2	8,277	7,639
<i>Cost of Sales</i>		<i>(7,205)</i>	<i>(6,454)</i>
Gross Profit		1,072	1,185
<i>Distribution costs</i>		<i>(255)</i>	<i>(218)</i>
<i>Administrative expenses</i>		<i>(1,571)</i>	<i>(1,854)</i>
Operating (Loss)	3	(754)	(887)
<i>Interest payable and similar charges</i>	4	<i>(27)</i>	<i>(22)</i>
(Loss) on ordinary activities before taxation		(781)	(909)
<i>Taxation</i>	5	<i>39</i>	<i>-</i>
(Loss) on ordinary activities after taxation	15	(742)	(909)

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

Notes on pages 11 to 19 form part of the financial statements

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2014**

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

Sphere Consumer Products plc

Company Number 5217791

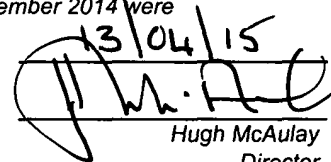
BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
<i>Tangible assets</i>	6	41	381
Current assets			
<i>Stocks</i>	7	972	1,661
<i>Debtors</i>	8	1,694	1,523
<i>Cash at bank and in hand</i>		18	2
		<u>2,684</u>	<u>3,186</u>
Creditors: amounts falling due within one year	9	<u>(2,714)</u>	<u>(2,904)</u>
Net current (liabilities)/ assets		(30)	282
Total assets less current liabilities		<u>11</u>	<u>663</u>
Provisions for liabilities and charges	13	-	(210)
Net assets		<u>11</u>	<u>453</u>
Capital and reserves			
<i>Share Capital</i>	14	3,100	2,800
<i>Profit and Loss account</i>	15	(3,089)	(2,347)
Shareholders' funds	15	<u>11</u>	<u>453</u>

Notes on pages 11 to 19 form part of the financial statements

The financial statements of Sphere Consumer Products Plc for the year ended 31 December 2014 were approved and authorised for issue by the Board of Directors on

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

13/04/15

 Hugh McAulay
 Director

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014**

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

Notwithstanding the net current liability position of the company as at 31 December 2014, the financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons;

The substantial changes to the business that were implemented, and completed, during 2014 have resulted in the business returning to a breakeven or even modest operating profit. Management have prepared a detailed budget for 2015 and performance year to date is ahead of this budget.

The Company's ultimate parent, Sphere SA, has confirmed that they will continue to provide financial support to the company if needed, for a period of at least 12 months from the date of this report. As a consequence, the directors believe that the company is well placed to manage its business risks successfully going forward.

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 2014

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>-</i>	<i>purchase cost on a first in, first out basis.</i>
<i>Finished goods</i>	<i>-</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.*~~

1.7. 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.

1.8. 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.

1.9. 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 £81,000 (2013: £721,000)

1.10. Provisions

Provisions for risks and uncertainties are recognised when the company has a present obligation as a result of a past event and it is probable that it will be required to settle the obligation. Provisions are made on the basis of the best estimate of the cost of settling the obligation on the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2014

1.11. 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 2014 £'000	12 months to 31 December 2013 £'000
U.K. Sales	7,034	6,030
E.U. Sales	1,225	1,595
Non E.U. Sales	18	14
	<u>8,277</u>	<u>7,639</u>

3. Operating (Loss)

This is stated after charging/(crediting) :

	12 months to 31 December 2014 £'000	12 months to 31 December 2013 £'000
Depreciation of tangible assets	147	251
(Gain) / Loss on foreign exchange transactions	2	(7)
Operating lease rental - Land and buildings	196	227
Auditors remuneration - Audit of the financial statements	15	15
Dilapidation provision	-	210
Dilapidation additional costs	23	-
Gain on Sale of fixed assets	143	-

4. Interest Payable

*Amounts payable to group undertakings
 Bank loans and overdrafts*

	12 months to 31 December 2014 £'000	12 months to 31 December 2013 £'000
Amounts payable to group undertakings	5	5
Bank loans and overdrafts	22	17
	<u>27</u>	<u>22</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2014

5. Taxation	12 months to 31 December 2014 £'000	12 months to 31 December 2013 £'000
Tax on profit on ordinary activities		
Current tax;		
UK Corporation tax	-	-
UK Group relief receivable	(39)	-
Total current tax	(39)	-
Deferred tax		
Originating and reversal of timing differences	-	-
	-	-
	(39)	-

Factors affecting the tax credit for the year

The current tax charge for the year is higher (2013: higher) than the standard rate of corporation tax in the United Kingdom (21.5%, 2013: 23%). The differences are explained below.

(Loss) on ordinary activities before tax	(781)	(909)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23%)	(168)	(209)
<u>Effect of:</u>		
Disallowed expenses and non-taxable income	10	24
Capital allowances in deficit of depreciation	(30)	26
Short term timing differences	-	-
Group relief surrendered	(39)	-
Payments for group relief	-	-
Tax losses c/fwd	188	159
	(39)	-

Reductions in the UK Corporation tax rate from 26% to 24% (effective from 1 April 2013) and to 23% (effective 1 April 2014) were substantively enacted on 26 March 2013 and 3 July 2013 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective 1 April 2015) were substantively enacted on 2 July 2014. This will reduce the company's future current tax charge

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2014

6. Tangible fixed assets	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 January 2014	660	1,206	197	74	2,137
Additions	-	-	-	29	29
Disposals	(660)	(1,206)	(164)	(41)	(2,071)
As at 31 December 2014	-	-	33	62	95
Depreciation					
At 1 January 2014	601	926	155	74	1,756
Charge for the year	59	79	6	3	147
Disposals	(660)	(1,005)	(151)	(33)	(1,849)
As at 31 December 2014	-	-	10	44	54
Net Book Value					
As at 31 December 2014	-	-	23	18	41
As at 31 December 2013	59	280	42	-	381

7. Stocks	2014 £'000	2013 £'000
Raw materials	45	568
Finished goods and goods for resale	927	973
Packaging	-	120
	<u>972</u>	<u>1,661</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2014

8. Debtors: amounts falling due within one year	2014	2013
	£'000	£'000
<i>Trade debtors</i>	1,410	1,395
<i>Amounts due from group undertakings</i>	39	16
<i>Prepayments and accrued income</i>	245	112
	<u>1,694</u>	<u>1,523</u>

9. Creditors: amounts falling due within one year	2014	2013
	£'000	£'000
<i>Bank overdraft</i>	866	840
<i>Trade creditors</i>	337	740
<i>Amounts due to group undertakings</i>	1,112	950
<i>Other taxes and social security costs</i>	316	264
<i>Accruals and other provisions</i>	83	110
	<u>2,714</u>	<u>2,904</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	2014	2013
	£'000	£'000
<i>Accelerated capital allowances</i>	4	9
<i>Tax losses</i>	321	188
Total unrecognised deferred tax	<u>325</u>	<u>197</u>

Deferred tax assets amounts of £325k have not been recognised on the grounds that there is insufficient evidence that the asset will be recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2014

12. Pension costs

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

	2014 £'000	2013 £'000
Defined contribution		
Contributions paid by the company in the year	18	18
	<u>18</u>	<u>18</u>

13. Provisions for liabilities and charges

The dilapidation provision represented the Landlord's assessment of the cost of restoring the leasehold property to its original condition at the end of the lease term.

	2014 £'000	2013 £'000
Dilapidation provision		
	-	210
	<u>-</u>	<u>210</u>

14. Share Capital

	2014 £'000	2013 £'000
Allotted and fully paid ordinary shares of £1 each	<u>3,100</u>	<u>2,800</u>
Share Capital Issue 2014	£'000	
Ordinary shares at £1 each	300	
Allotted and fully paid ordinary shares of £1 each	300	

15. Reconciliation of movements in shareholders funds

	Share Capital £'000	Profit & Loss Account £'000	Total £'000
As at 1 January 2013	2,800	(1,438)	1,362
Loss for the period	-	(909)	(909)
As at 1 January 2014	2,800	(2,347)	453
Share Capital Issue	300	-	300
Loss for the period	-	(742)	(742)
As at 31 December 2014	<u>3,100</u>	<u>(3,089)</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2014

16. Staff Costs

	2014 £'000	2013 £'000
<i>Wages and Salaries</i>	609	785
<i>Social Security Costs</i>	76	77
<i>Staff Pension Contributions</i>	16	23
	<u>701</u>	<u>885</u>

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

	2014 No	2013 No
<i>Production</i>	13	21
<i>Selling</i>	1	2
<i>Office and management</i>	8	7
	<u>22</u>	<u>30</u>

17. Directors emoluments

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

	2014 £'000	2013 £'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:

	2014 No	2013 No
<i>Money purchase scheme</i>	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED 31 DECEMBER 2014

18. Financial Commitments

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

	2014 £'000	2013 £'000
<i>Lease expiring:</i>		
<i>Within one year</i>	-	227
<i>Two to five years</i>	-	-
<i>Over five years</i>	-	-
	<u>-</u>	<u>227</u>

£nil outstanding capital commitments exist at year end (2013: £nil).

19. 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.

20. 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.