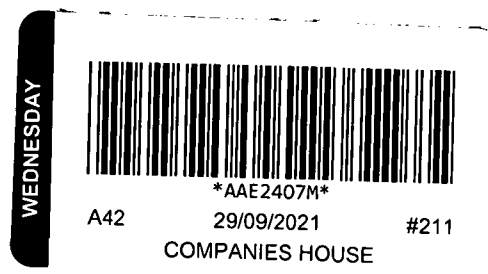


Company Registration No. 00497043

**Graphic Packaging International Foodservice
Europe Ltd**

Annual Report and Financial Statements

For the year ended 31 December 2020



GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

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GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J F Roche (appointed 21st April 2020)
E Van De Rovaart
L Tashma
S Scherger

REGISTERED OFFICE

Units 10 & 11 Navigation Park
Road One
Winsford Industrial Est
Winsford
Cheshire CW7 3RL

BANKERS

J.P. Morgan Chase & Co
25 Bank Street
London
E14 5JP

Bank of America
2 King Street
London
EC1A 1HQ

SOLICITORS

Shoosmiths
2 Colmore Square
38 Colmore Circus
Queensway
Birmingham
B4 6BJ

AUDITOR

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

STRATEGIC REPORT

The directors present their strategic report on the affairs of the company for the year ended 31 December 2020. The directors, in preparing this report, have complied with s414c of the Companies Act 2006.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company continues to be that of the manufacture and sale of disposable paper products for the food industry.

The results for the year are detailed on page 10. In 2020 sales decreased by 29%, and the overall loss before taxation for the year increased by 180%. The decrease in sales is considered to be as a direct result of the Covid 19 pandemic.

We continuously seek to improve our operating performance with an emphasis on health and safety, asset performance and operating costs.

During 2021 the company intends to focus primarily on its core markets. All industry data indicates demand for foodservice packaging throughout Europe will heavily increase over the next three years. The company intends to focus on maximising their share of this sector growth.

KEY PERFORMANCE INDICATORS

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

	2020	2019	Change
	£'000	£'000	%
Turnover	6,603	9,357	(29)%
EBITDA	(249)	308	(180)%
Average debtor days	46	41	(12)%
Average number of employees	34	31	10%

Principal risks and uncertainties

The process of risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the company and management take on an important oversight role in this regard.

While COVID 19 has impacted operations in 2020, the health & safety of our workforce and continuation of supply to our customers has been our focus. The company has been able to adapt its procedures to ensure production continues whilst adhering to government guidelines. During the first UK lockdown our main foodservice customer decided to close its restaurants and as a result we suspended manufacture and made use of the government furlough schemes. We recommenced manufacture on 23rd April 2020 and additional costs have occurred due to increased employee absence, cleaning routines, additional PPE and IT equipment to allow employees that can to work from home. Debtors have been managed tightly to ensure the risk of bad debts is mitigated. however we continue to monitor all customers more closely by understanding the industry sector they supply. Some disruption has occurred to operational installations which were delayed to protect the manufacturing facility and our employees.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the operations and the nature of the price risks this risk is managed through normal procurement processes within the business. The directors will revisit appropriateness of this policy should the price risks change in size or nature.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

STRATEGIC REPORT (Continued)

Liquidity risk

The company has entered into an agreement with its parent company to fund the company with long term debt finance that is designated to ensure the company has sufficient available funds for future operations (see Going Concern and the European cash pool facility).

Foreign exchange transactional currency exposure

The company is exposed to currency exchange rate risks due to a proportion of its payables and receivables being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by using foreign currency loans or overdrafts and these risks are not deemed to be material. The impact of Brexit is being monitored however the impact is not deemed material at this stage, as a full review of customer and supplier incoterms has been performed.

Due to the ongoing developments around COVID 19 it is hard to know if there will be any significant ongoing implications to the business other than some degree of variation to the inflationary impact driven by the general downturn in the UK and European economy.

Approved by the Board of Directors and signed on behalf of the Board:



Jean Francois Roche

Director

Date: 27th September 2021

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 December 2020.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Graphic Packaging International Foodservice Europe Ltd is a limited company incorporated in the UK.

The principal activity of the company is the manufacture and sale of disposable paper products for the food industry.

The directors are satisfied with the results for the year, given the impact on the food service industry from Covid 19. Equipment investment in 2021 will enable the business to expand the industry sectors it supplies going forward and improve prospects for the coming years.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2020 are set out on pages 10 to 20. The loss after taxation of £702,725 (2019 - £192,260 loss) has been transferred to reserves.

The directors do not recommend payment of a dividend (2019 - £nil).

GOING CONCERN

The company has historically made an operating loss but the levels of EBITDA mean that the business generates cash before investing activities. Despite the challenges of COVID 19 the business whose products are principally used by the food service sector, have traded reasonably well since manufacturing recommenced on 23rd April 2020. At 31 December 2020 the company had its own separate banking arrangements but during 2021 sterling amounts held and generated by the company will be deposited in the group's European cash pool. These amounts and a further funding if required are available for the company to draw down on demand. The company has no external debt. The directors have considered the profit projections and cash flow forecasts for the period to for 12 months after the date of signing the financial statements. The expectation is that the company will continue to contribute to the European cash pool over that time frame but due to the fluctuations of its working capital cycle and investments in new plant there may be periods where the company needs access to the amounts deposited in the European cash pool.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The formal cash pooling agreement gives the company the right to borrow sums from the European cash pool instead of arranging an external bank overdraft. The company has also obtained a letter of support from its ultimate parent which would give access to additional funds in the unlikely event that the funds in the European pool can not be accessed as expected or are not sufficient to enable amounts to be borrowed.

In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities.

Given the above the directors have a reasonable expectation that the company has adequate resources and if needed further financial support to continue in operational existence for the foreseeable future. Thus, the financial statements have been prepared on a going concern basis.

DIRECTORS

The directors of the company, who served during the year were

J F Roche
E Van De Rovert
L Tashma
S Scherger

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director of the company at the date of approval of this report confirms that:

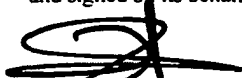
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were appointed as auditors for the first time for the year ended 31 December 2020 in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 27th September 2021 and signed on its behalf.



Jean Francois Roche
Director

Independent auditors' report to the members of Graphic Packaging International Foodservice Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Graphic Packaging International Foodservice Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Graphic Packaging International Foodservice Europe Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, health and safety legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Independent auditors' report to the members of Graphic Packaging International Foodservice Europe Limited (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations or unusual words or phrases in the journal description; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
28 September 2021

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	Note	2020 £	2019 £
TURNOVER	3	6,603,428	9,356,926
Cost of sales		(5,744,619)	(7,707,863)
GROSS PROFIT		858,809	1,649,063
Other operating expenses		(1,562,216)	(1,848,360)
OPERATING LOSS		(703,407)	(199,297)
Finance Income	6	682	7,037
LOSS BEFORE TAXATION	4	(702,725)	(192,260)
Taxation on loss	7	-	-
LOSSES RETAINED FOR THE FINANCIAL YEAR		<u>(702,725)</u>	<u>(192,260)</u>

All activity has arisen from continuing operations. The company has no recognised gains or losses in either year other than the loss for that year as shown above. Accordingly a separate statement of comprehensive income has not been presented.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

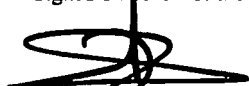
BALANCE SHEET As at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible fixed assets	8	3,040,396	3,144,239
CURRENT ASSETS			
Stocks	9	2,013,295	1,550,848
Debtors	10	873,917	1,206,778
Cash at bank and in hand		1,474,245	1,649,419
		4,361,457	4,407,045
CREDITORS: amounts falling due within one year	11	(2,904,590)	(2,351,296)
NET CURRENT ASSETS		1,456,867	2,055,749
TOTAL ASSETS LESS CURRENT LIABILITIES			
NET ASSETS		4,497,263	5,199,988
CAPITAL AND RESERVES			
Called up share capital	13	3,439,399	3,439,399
Profit and loss account		1,057,864	1,760,589
TOTAL SHAREHOLDERS' FUNDS		4,497,263	5,199,988

The accompanying notes on pages 13 to 20 form an integral part of the financial statements

The financial statements of Graphic Packaging International Foodservice Europe Limited, were approved by the Board of Directors and authorised for issue on 27th September 2021.

Signed on behalf of the Board of Directors



Jean Francois Roche
Director

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called up Share capital £	Profit and loss account £	Total £
At 1 January 2019	3,439,399	1,952,849	5,392,248
Loss for the financial year and total comprehensive expense	-	(192,260)	(192,260)
At 31 December 2019	3,439,399	1,760,589	5,199,988
Loss for the financial year and total comprehensive expense	-	(702,725)	(702,725)
At 31 December 2020	3,439,399	1,057,864	4,497,263

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 December 2020**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

GENERAL INFORMATION AND BASIS OF ACCOUNTING

Graphic Packaging International Foodservice Europe Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales (or Wales). The address of the Company's registered office is shown on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of this disclosure exemptions available to it (under sections 7 and 28), in respect of presentation of a cash flow statement, financial instruments and key management personnel disclosure.

GOING CONCERN

The company has historically made an operating loss but the levels of EBITDA mean that the business generates cash before investing activities. Despite the challenges of COVID 19 the business whose products are principally used by the food service sector, have traded reasonably well since manufacturing recommenced on 23rd April 2020. At 31 December 2020 the company had its own separate banking arrangements but during 2021 sterling amounts held and generated by the company will be deposited in the group's European cash pool. These amounts and a further funding facility if required are available for the company to draw down on demand. The company has no external debt. The directors have considered the profit projections and cash flow forecasts for the period to for 12 months after the date of signing the financial statements. The expectation is that the company will continue to contribute to the European cash pool over that time frame but due to the fluctuations of its working capital cycle and investments in new plant there may be periods where the company needs access to the amounts deposited in the European cash pool.

The formal cash pooling agreement gives the company the right to borrow sums from the European cash pool instead of arranging an external bank overdraft. The company has also obtained a letter of support from its ultimate parent which would give access to additional funds in the unlikely event that the funds in the European pool can not be accessed as expected or are not sufficient to enable amounts to be borrowed.

In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities.

Given the above the directors have a reasonable expectation that the company has adequate resources and if needed further financial support to continue in operational existence for the foreseeable future. Thus, the financial statements have been prepared on a going concern.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, in equal annual instalments, over the estimated useful life of the assets. The depreciation charge is included in the cost of sales figure in the profit and loss account. Specific depreciation rates are as follows:

Plant and machinery -	5-12 years straight line
Fixtures and fittings -	3-10 years straight line

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Assets in the course of construction contains capital projects which have been approved but are currently in progress. These assets will transfer to the Fixed Asset Register once the asset is confirmed operational. The depreciation starts in the following month of the asset being capitalised in the Fixed Asset Register.

STOCKS

Stocks are stated at the lower of cost or estimated selling price less costs to sell, which is equivalent to the net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

- | | | |
|------------------|---|---|
| Raw materials | - | Purchase cost on a FIFO basis including transport. |
| Work-in-progress | - | Cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity. |
| Finished goods | - | Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. |

TAXATION

Current tax, including UK corporation 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences, are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

TURNOVER

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and

OPERATING LEASES

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

RETIREMENT BENEFITS

Amounts paid by the company into a defined contribution pension scheme are charged to the profit and loss account in the period in which the contributions fall due for payment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The company does not make any critical judgements in applying the entity's accounting policies.

3. TURNOVER

	2020 £	2019 £
Geographical analysis of turnover by destination:		
United Kingdom	3,212,949	3,790,235
Rest of Europe	2,366,574	2,435,676
Rest of World	1,023,905	3,131,015
All turnover is derived from the sales of packaging.	<u>6,603,428</u>	<u>9,356,926</u>

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	2020 £	2019 £
Depreciation		
- tangible fixed assets	453,305	500,035
Operating lease rentals		
- property	253,087	243,221
- equipment	10,950	15,824
Foreign exchange	25,511	202,122
Auditor's remuneration		
- audit of the company's annual financial statements	20,000	20,000

There were no non-audit fees payable to the auditors (2019 - nil).

5. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2020 Number	2019 Number
Production	25	22
Administration	9	9
	<u>34</u>	<u>31</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,168,000	1,285,498
Social security costs	63,921	83,277
Other pension costs	87,403	77,117
	<u>1,319,324</u>	<u>1,445,892</u>

During 2020 nil (2019: nil) directors were members of a money purchase pension scheme. The Directors' UK apportionment of emoluments for the year was £48k (2019: £68k) which was paid out of Graphic Packaging International Europe UK Limited. In 2020 all the directors are also directors of other group companies. Their remaining emoluments are paid by other group companies. The qualifying services provided by the directors to this Company during the year were negligible compared to their total group wide responsibilities and so no value has been apportioned to those services.

6. FINANCE INCOME

	2020 £	2019 £
Interest receivable	<u>682</u>	<u>7,037</u>

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2020 £	2019 £
Current tax on loss		
UK current tax charge for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax charge for the year	-	-
Deferred tax		
Origination and reversal of timing differences	29,480	-
Effect of tax rate change on opening balances	(29,480)	-
Total deferred tax charge	-	-
Total tax charge on loss	-	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2020 £	2019 £
Loss before tax	(702,725)	(192,260)
Tax on loss before tax at standard UK corporation tax rate of 19 % (2019 – 19%)	(133,518)	(36,529)
Effects of:		
Expenses not deductible for tax purposes	1,067	1,533
Other permanent differences	-	(2,235)
Group relief surrendered	194,137	111,989
Deferred tax not recognised	(20,843)	(66,888)
Remeasurement of deferred tax for changes in tax rates	(40,843)	-
Effects of rate changes	-	(7,870)
Total tax for the year	-	-

In the Spring Budget 2021, the Government announced that the current rate of 19% would remain in place but from 1 April 2023 the corporation tax rate would increase to 25%. This is expected to be substantively enacted in June 2021. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

8. TANGIBLE ASSETS

	Assets Under Construction £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
As at 1 January 2020	156,374	6,819,284	77,339	7,052,997
Additions	349,462	-	-	349,462
 As at 31 December 2020	<u>505,836</u>	<u>6,819,284</u>	<u>77,339</u>	<u>7,402,459</u>
Accumulated Depreciation				
As at 1 January 2020	-	3,869,634	39,124	3,908,758
Charge for the year	-	449,985	3,320	453,305
 As at 31 December 2020	<u>-</u>	<u>4,319,619</u>	<u>42,444</u>	<u>4,362,063</u>
Net book value				
As at 31 December 2020	<u>505,836</u>	<u>2,499,665</u>	<u>34,895</u>	<u>3,040,396</u>
As at 31 December 2019	<u>156,374</u>	<u>2,949,650</u>	<u>38,215</u>	<u>3,144,239</u>

9. STOCKS

	2020 £	2019 £
Raw materials and consumables	923,138	590,955
Work-in-progress and finished goods	1,090,157	959,893
	<u>2,013,295</u>	<u>1,550,848</u>

The replacement cost of stock is not materially different to its balance sheet value.

10. DEBTORS

	2020 £	2019 £
Trade debtors	469,827	855,802
Deferred tax asset (see note 12)	250,583	250,583
VAT recoverable	64,020	-
Prepayments and accrued income	89,487	100,393
	<u>873,917</u>	<u>1,206,778</u>

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	217,952	291,958
Amount owed to parent undertakings	2,232,358	1,654,561
Amounts owed to associated group undertakings	109,832	54,077
Other taxation and social security	61,065	22,815
VAT Payable	-	11,104
Accruals and deferred income	283,383	316,781
	<u>2,904,590</u>	<u>2,351,296</u>

Amounts owed to parent and associated undertakings are repayable on demand and non-interest bearing.

12. DEFERRED TAXATION ASSET

	Deferred taxation £
As at 1 January 2020	250,583
To profit and loss account	-
As at 31 December 2020	<u>250,583</u>

Deferred taxation provided is as follows:

	Provided 2020 £	Provided 2019 £
Depreciation in excess of capital allowances	119,007	198,463
Tax losses	131,576	52,120
	<u>250,583</u>	<u>250,583</u>

As at 31 December 2020 there was £228,132 of unprovided deferred tax (2019 - £228,132).

13. CALLED-UP SHARE CAPITAL

	2020 £	2019 £
Allotted, called-up and fully-paid 3,439,399 ordinary shares at £1 each	<u>3,439,399</u>	<u>3,439,399</u>

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2020

14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Lease commitments

The company has the following total future minimum lease payments in respect of non-cancellable operating leases:

	Plant and machinery		Land and buildings	
	2020	2019	2020	2019
	£	£	£	£
Within one year	20,211	34,459	263,976	263,976
Between two and five years	15,979	36,191	593,946	857,922
After five years	-	-	-	-
	<u>36,191</u>	<u>70,650</u>	<u>857,922</u>	<u>1,121,898</u>

15. EMPLOYEE BENEFITS

Defined Contribution Scheme

The company operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2020 was £87,403 (2019 - £77,117).

16. ULTIMATE CONTROLLING PARTY

The directors regard Graphic Packaging Holding Company, a company whose principal place of business is at 1500 Riveredge Parkway N, Suite 100, Atlanta, Georgia 30328, USA. as the ultimate parent company and ultimate controlling party.

The Company's immediate parent undertaking is Graphic Packaging International Ltd. a company incorporated in the United Kingdom.

The smallest and largest group of which the company is a member and for which group financial statements are prepared is Graphic Packaging Holding Company. A copy of the consolidated financial statements can be obtained from:

Graphic Packaging Holding Company
1500 Riveredge Parkway,
Suite 100,
Atlanta,
Georgia 30328,
USA

As a wholly owned subsidiary of Graphic Packaging Holding Company the company has taken the exemption given under FRS 102 section 33 "Related party disclosures" for wholly owned subsidiaries not to disclose related party transactions with other group companies.