Registration number: 00949597

LINPAC Packaging Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Contents

Company Information

Directors	A R Barnett P S Fox
Registration number	00949597
Registered office	Linpac Wakefield Road Featherstone Pontefract West Yorkshire WF7 5DE, United Kingdom
Solicitors	Linklaters LLP One Silk Street London EC2Y 8HQ
Bankers	Lloyds Bank Plc. 25 Gresham Street London EC2V 7HN
Independent auditors	Deloitte LLP Statutory Auditor 1 City Square Leeds West Yorkshire United Kingdom LS1 2AL

Strategic Report
for the year ended 31 December 2021

The directors of LINPAC Packaging Limited (the "Company") present their Strategic Report together with the audited financial statements of the Company for the year ended 31 December 2021.

Business review and principal activities
The principal activities of the Company are the manufacture and distribution of food packaging for fresh and chilled foods, catering and food service applications.

The profit for the financial year ended 31 December 2021 amounts to £10,266,000 (2020: £6,378,000 loss). The significant swing from loss to profit is attributable to a reduction in loss due to impairment of loans to group undertakings from £17,415,000 in the prior year to a reversal of impairment on the same amounting to £8,356,000 in the current year, primarily due to a capital contribution paid to a subsidiary. During the year the Company also recorded a loss on impairment of investment in subsidiaries amounting to £8,727,000 (2020: £nil). The impairment has been made before considering any impact of the war, since the event occurred post balance sheet date. Therefore, the impact on investment valuation has been treated as a non-adjusting post balance sheet event (see note 25).

In 2021, gross margins from continuing operations are 24.73% (2020: 28.81%). The Company generated an operating profit of £8,500,000 (2020: £10,015,000). The profit included net other administrative expenses totalling £213,000 (2020: £125,000) relating to restructuring expenses.

The net assets of the Company at the year end were £413,216,000 (2020: £390,259,000). The increase in net assets is primarily attributable to the profit for the year £10,266,000 (2020: loss for the year £6,378,000), an increase in employee benefit assets due to the actuarial gain of £6,214,000 (2020: £1,697,000) arising on pension scheme and an inter-company loan waiver of £20,164,000 (2020: £nil); offset by dividend paid during the year amounting to £12,306,000 (2020: £nil).

Throughout these financial statements, the term 'Group' refers to Kleopatra Holdings 2 S.C.A. and its consolidated subsidiaries.

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Kleopatra Holdings 2 S.C.A, which include those of the Company, are discussed in the Strategic Report of the Group's financial statements which does not form part of this report.

Key performance Indicators ('KPIs')
The directors of Kleopatra Holdings 2 S.C.A manage the Group's operations on a regional basis. For this reason, the Company's directors believe that analysis using both financial and non-financial key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The KPIs for Kleopatra Holdings 2 S.C.A are discussed in the Directors' Report of the Group financial statements, which does not form part of this report.

Section 172(1) Statement
The directors of the Company have performed their duty under Section 172(1) (a - f) of the Companies Act 2006, they have acted in the way that in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Further information on all of the Group's policies can be found on the kpfilms website. In performing their duties under section 172, the directors of the Company have had regard to the matters set out in section 172 (1) (a - f) as follows:

Strategic Report
for the year ended 31 December 2021 (continued)

Section 172(1) Statement (continued)

a) The likely consequences of any decision in the long term.
The Company acts to ensure the 'sustainable protection of everyday needs'.

During the financial year, the Company has taken commercial, operational and strategic decisions which the directors consider are for the benefit of the Company, with a view to promoting its long term success and sustainability. An example of this decision is the preparation, review and approval of the annual budget which drives the Group's/Company's long-term strategy and success, together with continued investment to ensure long-term growth and sustainability.

b) The interests of the Company's employees.
It is recognised that the Company's success is because of its employees' outstanding talent, knowledge, experience, leadership and teamwork.

The Company supports its people and communities by promoting diversity, employee health, safety and well-being, and engaging with the communities where it operates.

Regular individual and team meetings are held and an integrated 'Talent Management System' exists to ensure the continued development of the Company's employees. Regular meetings are held with the Trade Union at Featherstone.

The Board is engaged with the Company's employees in a variety of ways, for example with quarterly Town Hall meetings accessible to everyone across the Group, regular email updates and a Group-wide intranet.

c) The need to foster the Company's business relationships with suppliers, customers and others.
The Company, through the directors, engages with each stakeholder at the appropriate level of detail and frequency depending on the specific requirements and level of influence and interest.

d) The impact of the Company's operations on the community and the environment.
The Company and Group launched a 'Positive Plastics Pledge' in 2018. It sees a future in which it optimises the resources it uses to ensure it has the lowest carbon footprint possible, where packaging is designed for recyclability, using recycled materials and sustainable sources, where recycling is widely understood and supported, and where used plastic is valued as a resource. More information on this and awards that the Company has won can be found on the kpfilms website.

e) The desirability of the Company maintaining a reputation for high standards of business conduct.
The Company and Group is committed to customer satisfaction, which is achieved by maintaining the highest standards of health and safety, sustainability, environmental and energy management, and quality and product safety. All products are designed, purchased, manufactured and distributed in compliance with the highest standards.

To ensure the Company continues to achieve our commitments, it has a Risk Management System (RMS) tool that drives these high standards across all manufacturing plants. The tool was established and implemented to help comprehensively manage risks throughout all of the operations by giving information and direction to local managers.

The RMS applies to the support functions, including: design, purchasing, manufacture, distribution and procurement.

Strategic Report

for the year ended 31 December 2021 (continued)

Section 172(1) Statement (continued)

In addition, the Company and Group has a code of conduct which all employees follow.

f) The need to act fairly as between members of the Company.

The Board regularly meets with the shareholders and investors to give an opportunity for direct engagement.

Business performance has improved during the pandemic period due to the Company's link to the supply of food packaging products. Due to closures of restaurants and other hospitality venues (which are not typically supplied to by the Company), demand for supermarket products has increased.

The results of the scenario modelling are such that the directors are confident that the business will continue to operate successfully as a going concern, despite the effects of the pandemic. See the going concern section of the Directors' Report, and note 2 for further context.

This report has been approved by the Board of directors on 8 February 2023 and signed on it behalf by:

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Paul Fox

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Paul Fox

Director

Directors' Report
for the year ended 31 December 2021

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

Directors
The names of the present directors of the Company are set out on page 1. The directors, who have held office during the year, were and up to the date of signing the financial statements, unless otherwise stated, are given below:

A R Barnett
J A Jones (resigned on 8 March 2021)
P S Fox (appointed on 8 February 2021)

Directors' indemnities
The directors have the benefit of the indemnity provisions pursuant to the Company's articles of association. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of section 234 of Companies Act 2006 and which were in force throughout the year ended 31 December 2021 and remain in force.

Dividend
The Company paid a dividend during the year with an aggregate amount £12,306,000 (2020: £nil). There were dividends received during the year amounting to £2,737,000 (2020: £nil).

Financial risk management
The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk, liquidity risk and interest rate risk.

Price risk
The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk
Credit risk arises from cash and cash equivalents, receivables from customers and deposits with banks and financial institutions, including committed transactions. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where a potential risk has been identified, advanced payment is required. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the management of the Company.

Directors' Report
for the year ended 31 December 2021 (continued)

Financial risk management (continued)

Currency risk
The Company is exposed to currency risk when it has binding commercial or financial obligations in a currency other than its functional currency and the related cash inflows and outflows are not equal in amounts or timing. Activities are focused on transactional cash flows which arise from receivables, payables, loans, cash balances, orders, received purchase orders, etc. The primary responsibility to identify hedge currency exposures lies with the Company. Currency risk is managed on a Group-wide basis.

Liquidity risk and interest rate risk
Liquidity risk and interest rate risk are managed at Group level. The Group's policies in respect of liquidity risk and interest rate risk are discussed in the Directors' Report of the Group's financial statements which does not form part of this report.

Future developments
The external commercial environment remains competitive in 2022, particularly given media focus on this sector.

In September 2018, the Group launched the 'PositivePlasticPledge' - this sets out the Group's commitment to a sustainable future with plastic.

Given the media focus on product recyclability, the Company is replacing the current offering of expanded polystyrene ('EPS') products and has launched expanded polypropylene ('EPP') variants, which are deemed more attractive and recyclable.

Political and charitable donations
The Company contributed £nil (2020: £nil) to charities and political parties.

Brexit
Following the end of the transition period for the UK's exit from the EU (Brexit), on 31 December 2021, and the impact of this on many trade related regulation between the UK and the EU from 1 January 2022, the Company has put in place measures to ensure it remains compliant with regulatory changes as well as retain commercial activity to enable them to deliver goods to customers based in the EU. The Company did not see any material impact due to these situations in the current year.

Carbon reporting
The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Klockner Pentaplast to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the 12-month period ending 31st December 2021.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held - this includes electricity, gaseous fuels such as natural gas and business travel in company-owned vehicles and grey fleet.

Directors' Report

for the year ended 31 December 2021 (continued)

The table below details the regulated SECR energy and GHG emission sources from the current and previous reporting periods.

GHG emissions and energy data

	2021	*2020*
ENERGY CONSUMPTION TO CALCULATE EMISSIONS	**kWh**	**kWh**
Gas combustion, electricity, transport fuel and other energy sources	35,143,382	39,115,832
Total energy consumption kWh	35,143,382	39,115,832
EMISSIONS		
Gas combustion tonnes CO2 equivalent ('tCO2e') (Scope 1)	472.2	405
Purchased electricity tCO2e (Scope 2, location-based)	6,842.4	8,350
Business travel in employee-owned vehicles where the firm is responsible for purchasing the fuel* tCO2e (Scope 3)	84.9	259
Total gross emissions tCO2e based on above	7,399.5	9,014
INTENSITY RATIOS		
tCO2e per £m revenue	10.7	10
tCO2e per m2 of floorspace	-	-
Energy consumption from on-site Solar panels:	-	-
Emissions avoided from standard grid consumption tCO2e	-	-

Methodology

Electricity and natural gas disclosures have been calculated using metered kWh consumption taken from supplier fiscal invoices, where available. Where invoices were not available, the consumption was estimated from the daily average consumption of invoiced consumption of the same site. For the London site, electricity consumption was estimated based on the floor area of the office and the industry standard benchmarks.

GHG emissions associated with Scope 2 purchased electricity have been reported using both market-based and location-based methodologies. Where fuel mix disclosures were not available, such as for landlord supplies, the emissions factor for the residual fuel mix of the UK was instead adopted. Only emissions calculated using the market-based methodology have been carried into the total emissions figure - location-based emissions have been included as required by the SECR regulations.

Transport disclosures have been calculated using a combination of fuel card transaction reports and business mileage expense claim records. Fuel volumes and mileages have been converted into equivalent energy and GHG emissions using emissions factors published by BEIS in 2021. Vehicle information such as engine size and type was not held against each mileage claim for the grey fleet, therefore a vehicle of average size and fuel type was assumed.

Directors' Report

for the year ended 31 December 2021 (continued)

Energy efficiency actions taken

Various energy efficiency initiatives are in place across our operations to monitor energy, reduce its use and find alternative, renewable sources of energy. Our global Energy Task Force of experts is continually adjusting existing manufacturing systems, upgrading equipment, and installing new capital goods. Innovations in our use of compressed air, cooling water, and lighting in 2021 are promoting smarter ways of operating our manufacturing. For example, at the Featherstone site, we have installed compressor automation to shut them off when not required and as a result, have achieved energy savings using this new control system.

Overall, at the end of 2021, there has been a 3% reduction (23,926 MWh) in our total energy consumption since 2019. Energy efficiency can only take us so far in reducing emissions because we will always need the energy to make our products, therefore looking forward it will be accompanied by growing investment in renewable energy.

More information relating to the Klockner Pentaplast Sustainability roadmap is available online.

Going concern

Having considered the risk and uncertainties in the Strategic Report, the Company's business and financial forecasts, the impact on those forecasts of reasonably possible changes in the trading prospects of the Company, together with the Company being profitable the directors are of the view that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

The directors have also considered the effect of the ongoing inflationary pressure caused by the current macroeconomic instability. The directors believe that the inflationary pressure will not have a significant impact on the going concern assumption of the Company due to the nature of the company's business. The financial statements have therefore been prepared on a going concern basis.

Further details are included in the accounting policies note 2.

Research and development

It is Company policy that management actively pursue technical and product innovations and development, not only to meet customers' changing requirements but also to develop new market opportunities. Refer to note 7.

Employees

The Group is an equal opportunity employer. Policies and practices are established where considered necessary to ensure that, as far as possible, no job applicant or employee receives less favourable treatment on racial grounds or on grounds of gender, age or marital status, or is disadvantaged by unjustifiable conditions or requirements.

It is the policy of the Group to provide equal opportunities in the appointment, training and career development of disabled persons and training of employees who have become disabled while employed by the Group, having regard to their particular aptitudes and abilities.

It is the policy of the Group to keep employees involved and informed about developments within, and the state of affairs of the Group as appropriate.

The Group communicates the Group-wide information to employees via a monthly newsletter, together with a quarterly 'Town Hall ' web update.

Please refer to the discussion on Section 172 in Strategic Report for further details.

Directors' Report

for the year ended 31 December 2021 (continued)

Engagement with suppliers, customers and others

Please refer to the discussion on Section 172 in Strategic Report for details.

Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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.

Reappointment of auditor

The auditor, Deloitte LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor.

Approved by the Board of directors on 8 February 2023 and signed on its behalf by:

DocuSigned by:

Paul Fox

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Paul Fox
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 apply them consistently;
- make judgements and accounting 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.

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.

Independent Auditors' Report to the members of LINPAC Packaging Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of LINPAC Packaging Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Report and Financial Statements (the "Annual Report"), which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Independent Auditors' Report to the members of LINPAC Packaging Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, 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 auditor's 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.

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 auditor's report.

Independent Auditors' Report to the members of LINPAC Packaging Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the entity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included GDPR, Health & Safety at Work Act, Environmental Permitting (England and Wales) Regulations, Employment Rights Act and Environmental Regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT, financial instruments and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Manual adjustments to revenue: we performed testing of the design and implementation of key controls and substantive procedures including testing of manual revenue journals throughout the year and the use of a bespoke analytic tool to identify any unusual transactions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditors' Report to the members of LINPAC Packaging Limited (continued)

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Sam Hore

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Sam Hore, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor

Leeds
United Kingdom

Date: 8 February 2023

Income Statement
for the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	5	68,593	67,723
Cost of sales		(51,623)	(48,213)
Gross profit		16,970	19,510
Distribution costs		(6,279)	(6,494)
Other operating income	6	591	78
Other operating expenses		(2,023)	(1,267)
Administrative expenses		(759)	(1,812)
Operating profit	7	8,500	10,015
Interest receivable and similar income	9	1,255	2,465
Interest payable and similar charges	10	(577)	(242)
Reversal of impairment/(Impairment) of loans to group undertakings	13	8,356	(17,415)
Impairment on investments in subsidiaries	13	(8,727)	-
Profit/(loss) before taxation		8,807	(5,177)
Tax on profit/(loss)	18	1,459	(1,201)
Profit/(loss) for the year		10,266	(6,378)

The above results were derived from continuing operations.

The notes on pages 20 to 48 form an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Profit/(loss) for the year		10,266	(6,378)
Items that will not be reclassified subsequently to profit or loss			
Deferred tax on pension scheme	18	(1,381)	(231)
Actuarial gains on pension scheme	19	6,214	1,697
Other comprehensive income for the year		4,833	1,466
Total comprehensive income/(expense) for the year		15,099	(4,912)

The notes on pages 20 to 48 form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2021

Registration number: 00949597

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Property, plant and equipment	11	9,384	10,127
Right-of-use assets	12	1,665	2,107
Investments	13	553,343	567,221
Deferred tax asset	18	1,391	450
		565,783	579,905
Current assets			
Stocks	14	7,058	4,592
Trade and other receivables	15	3,721	4,354
Cash at bank and in hand		-	5,154
		10,779	14,100
Creditors: amounts falling due within one year	16	(194,416)	(218,635)
Net current liabilities		(183,637)	(204,535)
Total assets less current liabilities		382,146	375,370
Creditors: amounts falling due after more than one year	17	(259)	(9,880)
Net assets excluding pension asset		381,887	365,490
Employee benefit asset	19	31,329	24,769
Net assets		413,216	390,259
Capital and reserves			
Called up share capital	20	31	103
Capital contribution reserve		20,164	-
Retained earnings		393,021	390,156
Total shareholders' funds		413,216	390,259

The notes on pages 20 to 48 form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2021 (continued)

Registration number: 00949597

The financial statements on pages 15 to 48 have been approved and authorised by the Board of directors on 8 February 2023 and signed on its behalf by:

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Paul Fox

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Paul Fox
Director

The notes on pages 20 to 48 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2021

	Called up share capital £ 000	*Capital contribution reserve £ 000*	*Retained earnings £ 000*	*Total shareholders' funds £ 000*
At 1 January 2020	103	-	395,068	395,171
Loss for the year	-	-	(6,378)	(6,378)
Deferred tax on transfer of pension scheme	-	-	(231)	(231)
Actuarial gains on pension scheme	-	-	1,697	1,697
Total comprehensive expense for the year	-	-	(4,912)	(4,912)
At 31 December 2020	103	-	390,156	390,259
At 1 January 2021	103	-	390,156	390,259
Profit for the year	-	-	10,266	10,266
Deferred tax on transfer of pension scheme	-	-	(1,381)	(1,381)
Actuarial gain on pension scheme (note 19)	-	-	6,214	6,214
Total comprehensive income for the year	-	-	15,099	15,099
Dividends (note 21)	-	-	(12,306)	(12,306)
Bonus share issued (note 20)	685,684	-	(685,684)	-
Share capital reduction (note 20)	(685,756)	-	685,756	-
Inter-company loan write-off	-	20,164	-	20,164
At 31 December 2021	31	20,164	393,021	413,216

The notes on pages 20 to 48 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2021

1 General information

LINPAC Packaging Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England, United Kingdom, and registered in England and Wales under the Companies Act 2006. The principal activities of the Company are described in the Strategic Report on page 2.

The registered number is 00949597 and registered address is Linpac Wakefield Road, Featherstone, Pontefract, West Yorkshire , WF7 5DE, United Kingdom.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds except where otherwise indicated.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Kleopatra Holdings 2 S.C.A and can be obtained as disclosed in note 23:

- Paragraphs 91 to 99 of IFRS 13, Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1,
  - paragraph 73(e) of IAS 16 Property, plant and equipment;

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a Group; and
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Company's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Strategic Report and Directors' Report. In addition, the material financial and operational risks and uncertainties that impact the Company's performance are outlined in the Strategic Report.

The Company meets its day-to-day working capital requirements through its bank facilities and intra-group financing. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The directors have considered the effect of the ongoing inflationary pressure caused by the current macroeconomic instability. The directors believe that the inflationary pressure will not have a significant impact on the going concern assumption of the Company due to the nature of the company's business. The financial statements have therefore been prepared on a going concern basis.

The Company's cash position has been improved by a Group-wide factoring arrangement. The Company maintains strong practices in both accounts receivable and accounts payable. Being part of the wider group, cash can be pooled where necessary. Please refer to note 24 for details of other facility arrangements. The Company had cash at bank £nil as at 31st December 2021.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

The directors have considered the position of the Company at the year-end, its recent trading performance and forecasts over a period of at least 12 months from the date of signing these financial statements. The forecasts, which have been approved by the directors, indicate that the Company expects to trade strongly again in the 12 months after the date of signing these financial statements. Also, that there were sensitivities run on potential downturn scenarios. Please refer to the Strategic Report for further commentary. As a result of this process, at the time of approving the financial statements, the directors are of the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements.

Consolidation

The Company is a wholly owned subsidiary of LINPAC Finance Limited and of its ultimate parent, Kleopatra Holdings 2 S.C.A. It is included in the consolidated financial statements of Kleopatra Holdings 2 S.C.A which are publically available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Revenue

Revenue represents the amounts receivable for goods (food packaging solutions) supplied during the year, exclusive of value added tax, other sales taxes, and sales rebates. Turnover is recognised at the point of dispatch of goods, subject to the performance indicator noted below.

The Group's products sales contracts generally include one performance obligation. Revenue is recognized at the point in time when the performance indicator is complete, which is when the customer obtains control over the goods. The disaggregation of revenue by geography is presented in note 5.

The Company is complete in adopting IFRS 15 Revenue from Contracts with Customers.

Other operating income

Other operating income consists of central charges issued to/from non UK other group companies and is recognised on the basis of work completed and inter company loan write-offs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Foreign currencies

a) Functional and presentation currency

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the statement of financial position date. All differences are taken to the income statement in the year in which they arise.

b) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Interest receivable and similar income' or 'Interest payable and similar charges'.

Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation. Historical cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off cost over the assets useful economic life. Freehold land is not depreciated. Other fixed assets are depreciated by equal annual instalments over the estimated useful lives of the assets which are as follows:

Freehold property	20 years
Leasehold property over the shorter of the remaining period of the lease	20 years
Other property, plant and equipment	3 -10 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is generally determined on a first in, first out basis or average method of valuation, including where appropriate factory overheads based on normal levels of activity. Net realisable value is based on estimated selling price in the normal course of business after allowing for disposal costs. Provision is made where necessary for obsolete and slow moving stocks.

Interest income

Interest receivable is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Finance cost

Finance costs are charged to profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial assets

Financial assets include cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

In the statement of financial position, cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g. investments, loans and bank balance.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities

Financial liabilities include creditors.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. Creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Current and deferred income tax

The tax expense for the period compromises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. The current tax payable is based on taxable profit for the year.

Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Research and development

Expenditure on research and development is taken to cost of sales in the income statement in the year it is incurred.

Retirement benefit obligations

The Company operates both a defined benefit and a defined contribution pension scheme.

The asset recognised in the statement of financial position in respect of defined benefit pension scheme is the present value of the defined benefit obligation less the fair value of plan assets at the statement of financial position date. The obligation is calculated by external actuaries and using the projected unit method. Actuarial gains and losses arising from experience adjustments and charges in actuarial assumptions are charged or credited to equity and recognised in full in the statement of comprehensive income in the period in which they occur.

The costs of providing accrued service benefits are charged to operating expenses. Employee benefit net finance expenses are included in financing costs.

Payments to defined contribution schemes are charged to the income statement as they fall due.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Right-of-use assets and liabilities

The Company leases land and buildings for its office space and other plant, machinery, and equipment. Several leases have termination clauses. Most of these clauses require notice periods, typically from three to twelve months of notice.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its expected useful life and the lease term. Right-of-use assets are subject to impairment.

In the assessment of the lease term, the Company uses its incremental borrowing rate ("IBR") as the discount rate. When determining the IBR the following information is taken into account: the Company's credit rating, the collateral granted to the lessor, the term of lease arrangement and the amount and currency in which the borrowing is taking place. The Company's weighted average IBR applied to lease liabilities recognized in the statement of financial position as of 31 December 2021 is 4% (2020: 4%).

Investments

Fixed asset investments are stated at cost, less any provision for impairment in value.

The value of investments is reviewed annually by the directors at each financial year end or more frequently if there is a triggering event. If such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of any impairment. The recoverable amount is the higher of its net selling price (fair value less selling costs) and its value in use. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects the time value of money and the risks specific to the asset. Under IAS36, the impairment test is performed at a cash-generating unit level, being the "smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets". An impairment loss is recognised immediately as part of operating expenses.

An impairment loss recognised in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased amount will not exceed the value that would have been determined had no impairment been recognised in prior year. A reversal of impairment loss is recognised immediately as part of operating income.

Investment in associated undertakings

Investments in associated undertakings are held at cost less accumulated impairment losses.

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets
The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement. The company also assesses the right-of-use asset for impairment when such indicators exists.

Government grants
Government grants in relation to tangible fixed assets are credited to Statement of comprehensive income over the useful lives of the related assets, whereas those in relation to expenditure such as CJRS grant are credited when the expenditure is charged to income statement.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

3 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. There are no judgements other than those set out below.

Critical accounting estimates and assumptions

(a) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. Refer to note 19 for further details.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

4 New and amended standards and interpretations

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was originally set to expire on 30 June 2021, but as the impact of the COVID-19 pandemic continued beyond 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

5 Revenue

Analysis of revenue by Geography:

	2021 £ 000	2020 £ 000
UK	56,966	54,895
Rest of EU	10,078	10,632
Rest of World	1,549	2,196
	68,593	67,723

Turnover is wholly attributable to the principal activity of the Company.

6 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021 £ 000	2020 £ 000
Miscellaneous other operating income	591	78

7 Operating profit

Operating profit is stated after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation expense on property, plant and equipment	3,553	3,352
Depreciation of right-of-use assets	442	617
Research and development cost	414	534
Inter-group expense	1,519	1,267
Restructuring expense	213	125
Services provided by Company's auditors:		
-audit of the Company's financial statements	40	84
CJRS (grant income)	38	78

The Coronavirus Job Retention Scheme (CJRS) is the UK government's flagship support measure for organisations during the COVID-19 pandemic. It offers grants to cover a proportion of the salaries of furloughed staff. Following the Budget 2021, the scheme has been extended until 30 September 2021.

There are no unfulfilled conditions relating to the grant funding as at 31 December 2021.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

8 Employees and directors' remuneration

Staff costs for the year were:

	2021 *£ 000*	*2020* *£ 000*
Wages and salaries	10,007	11,324
Social security costs	904	898
Other pension costs	410	425
	11,321	12,647

Staff costs recharged from other group companies and included in the above disclosure amount to £0.5m (2020: £0.6m).

The average monthly number of employees (including Executive Directors) during the year was:

	2021 *Number*	*2020* *Number*
Production staff	187	176
Non production staff	112	118
	299	294

Emoluments include those in respect of directors who provide their services to and are remunerated by the Company. In 2021, the emoluments of the directors were borne by LINPAC Group Holdings Limited.

The number of directors accruing benefits in the defined benefit pension scheme to which the Company contributed until April 2010 was 3 (2020: 3). The defined benefit scheme was closed to further accrual in April 2010.

The number of directors accruing benefits under the defined contribution scheme was 3 (2020: 3) and to a private pension plan was nil (2020: nil).

9 Interest receivable and similar income

	2021 *£ 000*	*2020* *£ 000*
Pension interest	346	392
Interest on group loans	909	2,073
	1,255	2,465

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

10 Interest payable and similar charges

	2021 *£ 000*	*2020* *£ 000*
Interest on lease liabilities	59	101
Interest on bank overdrafts and borrowings	518	141
	577	242

11 Property, plant and equipment

	Land and buildings *£ 000*	*Other property, plant and equipment* *£ 000*	*Total* *£ 000*
Cost			
At 1 January 2021	8,755	87,617	96,372
Additions	-	2,872	2,872
Disposals	-	(291)	(291)
At 31 December 2021	8,755	90,198	98,953
Depreciation			
At 1 January 2021	8,138	78,107	86,245
Charge for the year	11	3,542	3,553
Eliminated on disposal	-	(229)	(229)
At 31 December 2021	8,149	81,420	89,569
Carrying amount			
At 31 December 2021	606	8,778	9,384
At 31 December 2020	617	9,510	10,127

Included within the net book value of land and buildings above is £606,000 (2020: £617,236) in respect of freehold land and buildings.

Profit of £135,000 on disposal of other properties, plant and equipments was recognised during the year.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

12 Right-of-use assets and lease liabilities

The following table presents the amounts relating to right-of-use assets:

	Other property, plant and equipment 2021 £ 000
Cost	
At 1 January and 31 December 2021	2,724
Depreciation	
At 1 January 2021	617
Charge for the year	442
At 31 December 2021	1,059
Carrying amount	
At 31 December 2021	1,665
At 31 December 2020	2,107

Lease liability

The following table presents the amounts relating to lease liability:

	2021 £ 000	*2020 £ 000*
At 1 January	1,996	2,927
Effect from discounting at the incremental borrowing rate of 4%	59	101
Lease payments for the period	(916)	(1,032)
At 31 December	1,139	1,996

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

12 Right-of-use assets and lease liabilities (continued)

Maturity analysis as at 31 December 2021:

	2021 *£ 000*	*2020* *£ 000*
Not later than one year	689	992
Later than one year and not later than five years	485	1,148
	1,174	2,140
Finance charge	(35)	(144)
Carrying amount of lease liability	1,139	1,996
Current (Note 16)	880	616
Non-current (Note 17)	259	1,380
	1,139	1,996

The total cash outflow for leases was £969,662 (2020: £1,024,150).

13 Investments

	2021 *£000*	*2020* *£000*
Subsidiary undertakings	88,181	86,582
Amounts due from group undertakings	2,436	10,584
Loans to group undertakings	462,726	470,055
	553,343	567,221

Amounts due from group undertakings
Amounts due from group undertakings are unsecured, interest free and are repayable on demand.

Loans to group undertakings
Loans to group undertakings are unsecured and repayable on demand. Interest on these loans is charged at a combination of fixed rate and floating rate of a margin above LIBOR.

During the year, the Company reversed the impairment of its loans owed by group undertakings amounting to £8,356,000 (2020: impairment of £17,415,000) based on recoverability assessment performed for group entities.

The directors do not expect the loans and amounts owed by group undertakings to be repaid within the next 12 months.

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

13 Investments (continued)

	2021 £ 000	2020 £ 000
Cost		
At 1 January	91,209	74,706
Additions	10,326	16,503
At 31 December	101,535	91,209
Provision		
At 1 January	4,627	4,627
Charge for the year	8,727	-
At 31 December	13,354	4,627
Net book value		
At 31 December	88,181	86,582

Additions

In current year, the Company made an investment of £7,741,000 in LINPAC Packaging Belarus and £2,585,000 in LINPAC Packaging Australia Pty Limited (2020: £16,503,000 in LINPAC Holding SL).

Provision

During the year, the Company impaired the investment of £6,142,000 (2020: £nil) in LINPAC Packaging East (Belarus) and of £2,585,000 (2020: £nil) in LINPAC Packaging Australia Pty Limited.

In the opinion of the directors, the aggregate value of the Company's investments in subsidiary undertakings is not less than the aggregate amount included in the balance sheet.

The principal subsidiary companies of LINPAC Packaging Limited are set out below, all of which are wholly owned except where stated and have only one class of issued ordinary shares.

Companies marked with an asterisk (*) are held directly by LINPAC Packaging Limited.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

13 Investments (continued)

Name of subsidiary	Registered address	Activity	Country of incorporation	% of Share capital owned
LINPAC Packaging Italia SpA*	Via Monte Pastello 40, San Giovanni Lupatoto, 37057 VR, Italy	Holding Company	Italy	100
Infia S.r.l	Via Caduti de Via Fani 85, Bertinoro, 47032 FC, Italy	Plastic conversion	Italy	100
Infia Iberica S.L.	Poligono S.P.I.2., Parecela 5, 46530 Puzol, Spain	Distribution	Spain	75
Infia Plastic S.L.	Poligono S.P.1.2., Parecela 5, 46530 Puzol, Spain	Plastic Conversion	Spain	90
LINPAC Packaging Verona S.r.l	Via Monte Pastello 40, San Giovanni Lupatoto, 37057 VR, Italy	Plastic Conversion	Italy	100
LINPAC Packaging Holdings S.L.*	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Holding Company	Spain	100
LINPAC Packaging Pravia S.A.	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Plastic Conversion	Spain	100
Ovarpack Embalagens S.A.	Z. Ind. de Ovar, Rua de Cabo Verde, 3881 - 902 Ovar, Portugal	Distribution	Portugal	100
Moldpack S.L.	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Tooling	Spain	100
LINPAC Plastics GB Ltd*	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE, UK	Dormant Company	UK	100
LINPAC Packaging China Holdings Ltd*	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE, UK	Holding Company	UK	100
LINPAC Packaging (Changzhou) Co Ltd	No 16, Fengqi Road, Wujin High-Tech Industrial Development Zone, Changzhou City, Jiangsu, China	Plastic Conversion	China	100

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

13 Investments (continued)

Name of subsidiary	Registered address	Activity	Country of incorporation	% of share capital owned
LINPAC Packaging East (Belarus)*	Lenin Street 223A, Orsha, Vitebsk Region. 211391, Belarus	Plastic Conversion	Belarus	99
LINPAC Packaging Australia PTY Ltd*	28 Distribution Drive,Truganina VIC 3029, Australia	Plastic Conversion	Australia	100
Klockner Pentaplast de México S. de R.L. de C.V.	Melchor Ocampo 193 TorreA 13-E, Col. VeronicaAnzures, 11300 MexicoDF, Mexico	Sales	Mexico	>99.99
Klöckner Pentaplast do Brasil, Ltda	Rodovia Raposo Tavares,Km 28.3, 06707-050, CotiaSP Brazil	Plant - COT	Brazil	100
Pentaplast,Unipessoal, Lda.	Rua de S.Roque, 70 AguaLonga 4825-116 SantoTirso, Portugal	Plant - SAN	Portugal	100
Klöckner Pentaplast España S.A.U.	Pol. Ind.Skol. Ctra. C-35,P.K.65, 17451 Sant Feliu deBuixalleu (Girona), Spain	Plant - GIR	Spain	100
Klöckner PentaplastGebze AmbalajMaddeleri A.S.	Gebze Organize San.Bölgesi (G.O.S.B) 1400 Sokak No.1402, Çayırova-KOCAELİ Turkey	Plant - GEB	Turkey	100

The associate of the Company is set out below:

Name of associate	Registered address	Activity	Country of incorporation	% of Share capital owned
Infia UK Ltd	Beech Gate Peterborough Road,Whittlesey, Peterborough, England, PE71PD	Distributor	Spain	42

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

14 Inventories

	2021 *£ 000*	*2020* *£ 000*
Raw materials and consumables	2,338	1,200
Work in progress	958	739
Finished goods and goods for resale	3,762	2,653
	7,058	4,592

The cost of inventories recognised as an expense and included in cost of sales amounted to £32.8m (2020: £30.82m). Included within cost of sales are amounts of £0.07m (2020: £0.06m) relating to write-offs of inventory.

The replacement cost of inventories is not materially different from its carrying amount.

15 Trade and other receivables

Due within one year

	2021 *£ 000*	*2020* *£ 000*
Trade receivables	3,448	4,237
Prepayments	240	117
Other receivables	33	-
	3,721	4,354

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

16 Creditors: amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade payables	8,299	6,673
Accrued expenses	4,852	4,273
Amounts due to Group undertakings	167,626	196,577
Social security and other taxes	7,353	8,094
Income tax liability	863	-
Other payables	1,591	2,392
Lease liability	880	616
Bank loans (note 17)	-	10
Bank overdrafts	2,952	-
	194,416	218,635

A cross-guarantee and set-off agreement exists in respect of overdrafts between the Company and other UK subsidiary Companies of the indirect holding company, LINPAC Senior Holdings Limited.

Loans due to Group undertakings are unsecured and repayable on demand. Interest on these loans is charged at a combination of fixed rate and floating rate of a margin above LIBOR. It also includes a loan of £12m denominated in Euros (€14m).

17 Creditors: amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Bank loans	-	8,500
Lease liabilities	259	1,380
	259	9,880

On 5 July 2018, the Company entered into a £10m five year loan agreement. There are 20 quarterly instalments of £250,000 with a final payment of £5,000,000. Interest on this loan is charged at a rate of 1.9% above 3 month LIBOR and is secured with a first ranking charge over the Company's freehold properties and the freehold property of a fellow group company. The Company went for an early settlement and repaid the loan on 9 November 2021.

On 22 May 2018, the initial loan taken out to fund the purchase of the extruder was converted into a five year finance lease. There are 60 monthly repayments of £46,137. At the end of the finance lease the Company has the option to purchase the asset. The total amount financed (excluding interest) was £2,526,415.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

18 Tax on profit/(loss)

Tax charged in the profit and loss account:

	2021 £ 000	2020 £ 000
Current tax		
UK Corporation tax	196	-
Adjustment in respect of prior years	667	-
Total current tax	863	-
Deferred tax		
Current year	(584)	1,701
Adjustment in respect of prior years	(1,204)	(331)
Effect of changes in tax rates	(534)	(169)
Total deferred tax	(2,322)	1,201
Tax (credit)/charge on profit	(1,459)	1,201

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020: lower than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before taxation	8,807	(5,177)
Corporation tax at UK standard rate of 19% (2020: 19%)	1,673	(984)
Adjustments in respect of prior years	(537)	(331)
Increase from effect of revenues exempt from taxation	(519)	(20)
Expenses not deductible for tax purposes	155	3,902
Effect of group relief/other reliefs	(1,084)	(3,061)
Transfer pricing adjustments	(613)	1,864
Effect of change in tax rate in deferred tax	(534)	(169)
Total tax (credit)/charge	(1,459)	1,201

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

18 Tax on profit/(loss) (continued)

Factors that may affect future tax charges

In the Budget 2021, the government announced that the rate of Corporation Tax will increase to 25% from 1 April 2023 for businesses with profits of £250,000 or more. The rate will remain at 19% until that date. This new law was substantively enacted in May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Company has a deferred tax asset in respect of tax depreciation on plant & equipment and other short term timing differences and a deferred tax liability in respect of a pension fund surplus resulting in a net deferred tax asset being recognised. The Company is forecast to realise sufficient taxable profits in the forthcoming financial accounting periods such that the temporary differences are expected to reverse in future.

The unrecognised deferred tax amounts to £154,000 in relation to losses.

Deferred tax

Deferred tax assets and liabilities

2021

	Asset *£ 000*
Accelerated tax depreciation	9,223
Other items	(7,832)
	1,391

2020

	Asset *£ 000*
Accelerated tax depreciation	5,078
Other items	(4,628)
	450

Deferred tax movement during the year:

	At 1 January 2021	*Recognised in income*	*Recognised in other comprehensive income*	*At 31 December 2021*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Accelerated tax depreciation	5,078	4,145	-	9,223
Other items	(4,628)	(1,823)	(1,381)	(7,832)
Net tax assets	450	2,322	(1,381)	1,391

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

18 Tax on profit/(loss) (continued)

Deferred tax movement during the prior year:

	At 1 January 2020	*Recognised in income*	*Recognised in other comprehensive income*	*At 31 December 2020*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Accelerated tax depreciation	5,110	(32)	-	5,078
Other items	(3,228)	(1,169)	(231)	(4,628)
Net tax assets	1,882	(1,201)	(231)	450

19 Pension and other schemes

Defined benefit pension schemes

The Group operates for its qualifying monthly paid UK staff a defined benefit pension scheme. These benefits include retirement pensions and benefits payable following a member's death or leaving service, providing benefits to members in the form of benefit payments or deferred pensions to the individual member dependant on the individual's circumstances. The level of benefits provided depends on members length of service and their salary in the final years leading up to retirement. The Scheme is closed both to new members and to future accrual for existing members. It is funded with assets held in a separate Trustee administered fund.

The Statement of Funding Principles (SFP) agreed between the Trustee and the Employer sets out the principles and methods used to determine the funding assumptions and objectives for the Scheme. The funding method used is the projected unit method. This method assumes that the Scheme continues to operate on an ongoing basis and allowance is made for all decrements, as appropriate.

The Pension Act 2004, the statutory funding objectives (SFO) regime, pension schemes are required to hold sufficient assets to meet their technical provisions. Technical provisions are an estimate, made on prudent actuarial principles, of the assets needed at any particular time, to make provision for the benefits already accrued under the Scheme.

The trustees is acting separately from the employer, who holds assets in the trust for the beneficiaries of the scheme. Trustees are responsible for ensuring that the pension scheme is run properly, and that members' benefits are secure.

As the trustees are the legal owners of the pension scheme assets, they are primarily charged with acting.

- in line with the pension scheme trust deed and rules;
- in the best interests of the pension scheme members; and
- impartially, prudently, responsibly, and honestly.

19 Pension and other schemes (continued)

In 2016, this scheme had a substitution of principal employer from LINPAC Group Holdings Limited to LINPAC Packaging Limited.

On 1 January 2017, the above mentioned scheme merged with the Allibert defined benefit scheme, with the resulting merged scheme contained within LINPAC Packaging Limited. The Allibert scheme's former principal employer was LA 2012 Limited. Corresponding assets and liabilities of the former Allibert scheme were transferred into LINPAC Packaging Limited at the date of the merger.

During the year, the Group has continued to make contributions to the scheme of £432,000 (2020: £3,960,000).

The expected contributions to the plan for the next reporting period under the current agreed schedule of contributions are £2,014,000.

The scheme was most recently valued on 31 December 2014. The latest formal valuation of the former Group Scheme was carried out as at 31 December 2014. The valuation of the merged Scheme has been performed as at December 2017 and has been finalised. The valuation used the projected unit method and was carried out by a qualified independent actuary.

Risks

Through its defined benefit pension plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Interest risk

Some of the Group's pension assets and liabilities will be subject to fluctuations in interest rates.

Inflation risk

Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

Life expectancy risk

The majority of the plans obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2021 *£ 000*	*2020* *£ 000*
Fair value of scheme assets	191,367	194,629
Present value of scheme liabilities	(160,038)	(169,860)
Defined benefit pension scheme surplus	31,329	24,769

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

19 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2021 *£ 000*	*2020* *£ 000*
Fair value at start of year	194,629	179,717
Interest income	2,684	3,380
Return on plan assets, excluding amounts included in interest income	283	15,164
Employer contributions	432	3,960
Benefits paid	(6,229)	(7,249)
Administrative expenses paid	(432)	(343)
Fair value at end of year	191,367	194,629

Analysis of assets

The major categories of scheme assets are as follows:

	2021 *£ 000*	*2020* *£ 000*
Gilts and LDI	134,671	134,732
Cash and cash equivalents	7,647	8,897
Asset-backed securities	49,049	51,000
	191,367	194,629

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

19 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2021 *£ 000*	*2020* *£ 000*
Present value at start of year	169,860	160,654
Actuarial (gains)/losses arising from changes in demographic assumptions	(315)	465
Actuarial (gains)/losses arising from changes in financial assumptions	(5,616)	12,602
Actuarial losses arising from experience	-	400
Interest cost	2,338	2,988
Benefits paid	(6,229)	(7,249)
Present value at end of year	160,038	169,860

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2021 *%*	*2020* *%*
Discount rate	1.95	1.40
Inflation (RPI)	3.10	2.65

Post retirement mortality assumptions

	2021 *Years*	*2020* *Years*
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	24.00	24.00
Future UK pensioners at retirement age - female	26.00	26.00

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

19 Pension and other schemes (continued)

Amounts recognised in the income statement

	2021 *£ 000*	*2020* *£ 000*
Amounts recognised in operating profit		
Administrative expenses paid	(432)	(343)
Amounts recognised in finance income or costs		
Net interest	346	392
Total recognised in the income statement	(86)	49

Amounts taken to the Statement of Comprehensive Income

	2021 *£ 000*	*2020* *£ 000*
Actuarial gains/(losses) arising from changes in demographic assumptions	315	(465)
Actuarial gains/(losses) arising from changes in financial assumptions	5,616	(12,602)
Actuarial losses arising from experience	-	(400)
Return on plan assets, excluding amounts included in interest income	283	15,164
Amounts recognised in the Statement of Comprehensive Income	6,214	1,697

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	Impact on defined benefit obligation 2021
0.5% increase/decrease in discount rate	-7.7% / +8.9% change in DBO
0.5% increase/decrease in RPI inflation	+5.2% / -4.9% change in DBO
1 year increase in life expectancy	+4.4% change in DBO

	Impact on defined benefit obligation 2020
0.5% increase/decrease in discount rate	-8% / +9% change in DBO
0.5% increase/decrease in RPI inflation	+6% /-5% change in DBO
1 year increase in life expectancy	+5% change in DBO

19 Pension and other schemes (continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit scheme obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The following table shows the approximate split of the defined benefit obligation at 31 December 2020 and at 31 December 2021 along with the average duration of the defined benefit obligation:

	2021	**2020**
Defined benefit obligation relating to pensioners	50%	50%
Defined benefit obligation relating to non-pensioners	50%	50%
Average duration of defined benefit obligation	17.3 years	16.9 years

The durations have been derived from the sensitivity of the defined benefit obligation to small changes in the discount rate.

During the year, the Company paid £409,000 (2020: £425,000) for defined contribution schemes.

20 Called up share capital

	2021 *£ 000*	*2020* *£ 000*
Allotted and fully paid		
31,443,549,200 ordinary shares of £0.000001 each (2020: 103,000 of £1 each)	31	103

On 22 September 2021, the Company allotted 375,000,000 ordinary shares of £1.00 each at an aggregate nominal value of £375,000,000.00 and on the same date, a special resolution was passed to reduce the share capital from £375,103,000.00 to £3,751,030.00 by reducing the nominal value of the each ordinary shares from £1.00 per share to £0.01 per share (as detailed below).

On 24 September 2021, the Company allotted 31,068,446,200 ordinary shares at an aggregate nominal value of £310,684,462.00 and on the same date, a special resolution was passed to reduce the share capital from £314,435,492.00 to £31,443.55 by reducing the nominal value of the each ordinary shares from £0.01 per share to £0.000001 per share (as detailed below).

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

20 Called up share capital (continued)

Ordinary shares movement during the year:

	No. 000	Rate	£ 000
At 1 January 2021	103	1.00	103
Share capital issued at 22 September 2021	375,000	1.00	375,000
Share capital reduction at 22 September 2021	(375,103)	0.99	(371,352)
Share capital issued at 24 September 2021	31,068,446	0.01	310,684
Share capital reduction at 24 September 2021	(31,443,549)	0.009999	(314,404)
At 31 December 2021	31,443,549	0.000001	31

21 Dividends

	2021 *£ 000*	*2020* *£ 000*
Dividend paid (£0.000391 per share)	12,306	-

22 Related party transactions

The Company has taken advantage of the exemption granted by Financial Reporting Standard 101 not to disclose transactions with other wholly owned group companies.

Sales and purchases with related parties are made in the normal course of business and on an arm's length basis.

See note 8 for disclosure of the directors' remuneration .

23 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is LINPAC Group Holdings Limited, a company registered in England.

The smallest and largest group in which the Company is consolidated at 31 December 2021 is Kleopatra Holdings 2 S.C.A, a company registered in Luxembourg. Copies of the financial statement can be obtained from the Company's registered address which is 46A, Avenue John F. Kennedy, 1855 Luxembourg.

The ultimate parent company at 31 December 2021 was Kleopatra Holdings 1 S.C.A, which is registered in Luxembourg.

At 31 December 2021, the ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2021 they manage funds holding 92.96% of the equity.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

24 Guarantees and other financial commitments

A cross-guarantee and set-off agreement exists in respect of overdraft between the Company and other UK subsidiary companies of the indirect holding company, LINPAC Senior Holdings Limited.

As at 31 December 2021, the gross overdrafts included in this arrangement amounted to £18.8m (2020: £18.8m). The maximum facility for gross overdrafts as at 31 December 2021 was £25m (2020: £25m).

25 Post balance sheet events

As a consequence of the war in Ukraine, the investment in LINPAC Packaging East (Belarus) has been further impaired by £2,017,000 resulting in full impairment of the investment post financial year ending 2021, due to the adverse trading environment.