

Wipak UK Limited

**Annual report and financial
statements**

Registered number 01251293
For the year ended 31 December 2021

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Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements	4
Independent auditor's report to the members of Wipak UK Limited	5
Profit and loss account	8
Balance sheet	9
Statement of Changes in Equity	10
Notes	11

Strategic report

Review of business

The Directors are pleased to present the 2021 annual report and financial statements. During the year the company achieved a profit before tax of £671,000 (2020: profit £1,545,000) on a turnover of £24,750,000 (2020: £24,734,000).

The result for the year represented a consistent turnover compared to 2020, consolidating the significant sales growth achieved during 2020. Although the reduction in profit of £874,000 reflects the challenging business environment experienced during the year, the unprecedented material price increases and shortages, as the environment struggled to normalise and recover from the disruption of COVID-19 in 2020, were managed well through existing price adjustment mechanisms.

Development of our employees remains a priority for the business, demonstrated through our significant training program and commitment to improving our current Investors in People silver award accreditation. We will continue to invest in staff training and engagement to ensure that the business has the necessary skills to meet future demands. A heightened focus on employee wellbeing is vital as we recover from the strain of the pandemic and resource will be allocated to maximise the benefits that the business can offer all stakeholders.

The overall strategy for the development of new business generated through innovative, differentiated and sustainable market offerings remains unchanged. New business development gathered pace during 2021, with the significant investment project approved by the Wihuri Board in 2020 being completed as planned, culminating in the installation of new conversion equipment. This investment enhances the business capabilities, supporting the strategy of sales growth through the modernisation of our product portfolio in new, innovative and sustainable products to accelerate the drive to reduce our carbon footprint.

There is continued focus on Operational Excellence, specifically concentrating on health & safety, quality, increased productivity and waste reduction.

The commercial risks that face the business are those that affect the sectors our customers operate in, namely perishable foods.

Principal risks and uncertainties

The profitability of the business is a key focus of the directors and will be achieved by sales growth, strategic investments, product development and innovation whilst managing the risks of the operations such as:

Legislative changes

The impact of changes to legislation will be mitigated through close collaboration with all stakeholder including Government, supplier and customers.

Raw Material Risk

The Company is exposed to price risk on its raw material purchases and will mitigate through continued efficiency improvements, review of supplier base and pricing strategy.

Market Risk

Pressure from competitors continues to be a risk to the company in all the markets that we operate. The company has secured long term supply agreements with key customers and continue to engage in product development and innovation whilst maintaining world class service levels.

Foreign exchange risk

The Company is exposed to raw material price volatility due to fluctuations in foreign exchange rates which is expected to continue following the UK's departure from the EU.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the company. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit, using information supplied by independent rating agencies where available. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Strategic report (*continued*)

Cash flow and liquidity risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they fall due. The company ensures that there are sufficient levels of committed facilities, cash and cash equivalents to ensure that the company is, at all times, able to meet its financial commitments. Liquidity risk is managed by continuous monitoring of forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The Company has no significant interest bearing assets and consequently, its income and cash flows are largely independent of changes in market interest rates. The credit facility from the parent company has interest charged at a floating rate therefore the company is exposed to interest rate risk.

Outlook for 2022 and beyond

General business uncertainty remains with ongoing material price instability, increased taxation on plastic packaging and supply disruption largely driven by factors linked to Covid-19 and the war in Ukraine impacting energy and transportation costs. The business is confident that the continued measures taken to manage the impact on profitability through price agreements with customers, securing material supply together with our group procurement function and our sustainable product development plans linked to our new investment will be effective and ensure future success.

Covid-19 statement

The business closely followed all government advice relating to COVID-19 during 2020 and 2021, with the measures taken allowing the business to continue to operate in a Covid secure workplace.

Post Covid plans continue to be implemented cautiously to ensure the business can continue to operate at required levels.

Going concern

The Company is dependent for its working capital on funds provided to it by Wihuri Packaging Oy the Company's immediate parent undertaking who has provided the Company with an undertaking that, for at least 18 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. The Company carries out an annual review of credit facility requirements with the company's immediate parent which results in a new short-term facility being put in place which enables the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

KPI's

The business considers the following KPI's as relevant indicators to business performance

	2021	2020
	£000	£000
Sales	24,750	24,734
Operating Profit/(Loss)	671	1,545

By order of the board



A Newbold
Director

1 July 2022

Directors' report

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

Principal activities

The principal activities of the company during the year continued to be the sale, distribution and manufacture of packing materials.

Dividends and transfers to reserves

The directors did not pay a dividend (2020: *£nil*) during the period. The retained Profit for the financial year of £369,000 (2020: *profit £1,208,000*) will be transferred to reserves.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Aarnio-Wihuri (Chairman)
R Aarnio-Wihuri
MH Aarnio-Wihuri
K Koskela
A Newbold

Donations

The company made charitable donations amounting to £640 (2020: *£0*) in the year.

Financial instruments

The company uses financial instruments including cash and borrowings, the main purpose of which are to raise finance for the company's activities. It is the company's policy not to enter into trading of a speculative nature in respect of financial instruments.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report with specific financial risk management included under the section principal risks and uncertainties.

Auditor

Azets Audit Services were appointed to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing they be re-appointed will be put at a General Meeting.

By order of the board



A Newbold
Director

3 Buttington Cross Enterprise Park
Buttington
Welshpool
Powys
SY21 8SL

1 July 2022

Statement of directors' responsibilities in respect of the financial statements

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 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 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.

Independent Auditors Report To the members of Wipak UK Ltd

Opinion

We have audited the financial statements of Wipak UK Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

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 directors are 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 course of 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 this regard.

Independent Auditors Report (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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 material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Independent Auditors Report (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.



Lee Meredith ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

Date: 1 July 2022

Rumer Hill Business Estate
Rumer Hill Road
Cannock
WS11 0ET

Profit and loss account
for the year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	2	24,750	24,734
Cost of sales		(21,807)	(20,507)
Gross profit		2,943	4,227
Distribution costs		(1,019)	(983)
Administrative expenses		(1,555)	(1,513)
Other operating income	2	546	1,757
Exceptional item	3	-	(1,722)
		915	1,766
Operating profit			
(Loss)/Gain on the fair value measurement of an investment	9	(30)	(28)
Interest payable and similar expenses	6	(214)	(193)
Profit/(Loss) before taxation	3	671	1,545
Tax on Profit/(loss)	7	(302)	(337)
Profit/(Loss) after taxation	18	369	1,208

The company has no recognised gains and losses other than those included above and therefore no separate statement of other comprehensive income has been presented.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 25 from an integral part of the financial statements.

NB Note 9 has been changed to 28 as this is the difference per the balance sheet between 2020 and 2021

Balance sheet
at 31 December 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Tangible assets	8		8,540		4,676
Investments	9		216		246
			8,756		4,922
Current assets					
Stocks	10	3,183		3,195	
Debtors	11	5,307		6,372	
Cash at bank and in hand		247		385	
		8,737		9,952	
Creditors: Amounts falling due within one year	12	(14,452)		(8,501)	
Net current liabilities			(5,715)		1,451
Total assets less current liabilities			3,041		6,373
Creditors: Amounts falling due after more than one year	13		(11)		(4,013)
Provisions for liabilities	16		(681)		(380)
Net assets			2,349		1,980
Capital and reserves					
Called up share capital	17	3,500		3,500	
Profit and loss account	18	(1,151)		(1,520)	
Shareholders' funds			2,349		1,980

The notes on pages 11 to 25 from an integral part of the financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:



A Newbold
Director

1 July 2022

Company number: 01251293

Statement of Changes in Equity

For Year Ended 31st December 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	3,500	(2,728)	772
Total comprehensive expense for the period			
Profit/(Loss) for the financial year		1,208	1,208
Total comprehensive expense for the period		1,208	1,208
Balance at 31 December 2020	3,500	(1,520)	1,980
Balance at 1 January 2021	3,500	(1,520)	1,980
Total comprehensive expense for the period			
Profit/(Loss) for the financial year		369	369
Total comprehensive expense for the period		369	369
Balance at 31 December 2021	3,500	(1,151)	2,349

The notes on pages 11 to 25 from an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Wipak UK Limited (the "Company") is a private company, limited by shares, incorporated in England and Wales, domiciled in Wales. The registered number is 01251293 and the registered address is 3 Buttington Cross Enterprise Park, Buttington, Welshpool, Powys SY21 8SL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Wihuri Oy, includes the Company in its consolidated financial statements. The consolidated financial statements of Wihuri Oy are available to the public and may be obtained from The Secretary, Wihuri Oy, PO Box 45, Fin-15561, Nastola, Finland. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Thus the directors continue to adopt the going concern basis of accounting in preparing these accounts.

The Company is dependent for its working capital on funds provided to it by Wihuri Packaging Oy the Company's immediate parent undertaking who has provided the Company with an undertaking that, for at least 18 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. The Company carries out an annual review of credit facility requirements with the Company's immediate parent which results in a new short term facility being put in place which enables the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The Company took measures during 2020 to become a Covid secure workplace which has resulted in the ability to continue to operate in an efficient manner.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with section 11 and 12 of FRS 102, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings and improvements 5 - 20 years
- Assets under construction Nil
- Plant and equipment 3 – 10 years
- Fixtures and fittings and computer equipment 3 – 8 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Where necessary, provision is made for obsolete, slow-moving and defective stock. Customer owned stocks are held on consignment for re-working.

Notes (continued)

1 Accounting policies (continued)

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1.12 Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied in line with agreed Incoterms.

The company recognises revenue in the financial period when the significant risks and rewards of ownership are irrevocably transferred from the seller to the buyer. In normal cases this takes place at the time the goods are dispatched to the buyer. Exceptionally, for example in the case of consignment stock, the dispatch does not trigger revenue recognition, but instead the actual transfer of risks and rewards of ownership to the buyer at the time the buyer consumes the products from the consignment stock. In case of services, the revenue shall normally be recorded at the time the services are rendered.

Notes (continued)

1 Accounting policies (continued)

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met are not provided for. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

The analysis by geographical area of the company's turnover is set out below:

	2021 £000	2020 £000
UK and Ireland	24,500	24,202
Europe	250	532
	<u>24,750</u>	<u>24,734</u>

Other operating income

Insurance refund	543	1,754
Rent receivable	3	3
	<u>546</u>	<u>1,757</u>

3 Exceptional item

	2021 £000	2020 £000
Stock write off	-	1,722
	<u>-</u>	<u>1,722</u>

The exceptional item relates to a write off of stock following the collapse of racking at a third party premises resulting in a insurance claim as disclosed in Note 2

4 Profit/ (Loss) before taxation

	2021 £000	2020 £000
<i>Included in Profit/(loss) are the following:</i>		
Depreciation of owned tangible fixed assets	(866)	(976)
Operating lease rentals – other	(129)	(115)
Amortisation of government grant	2	2
	<u></u>	<u></u>
<i>Auditor's remuneration:</i>		
Audit of financial statements	18	18
	<u></u>	<u></u>
Amounts receivable by the company's auditor and its associates in respect of:		
Other audit related services	5	5
	<u></u>	<u></u>

Notes (continued)

5 Remuneration of directors

	2021 £000	2020 £000
Directors emoluments	118	121
Company pension contribution to defined contribution scheme	11	9
	<u>129</u>	<u>130</u>

Retirement benefits are accruing to one director under a defined contribution scheme (2020: one). Other than A Newbold, all of the directors who served during the year are all directors of the parent company. These directors received no remuneration for their services to the company as the service they provide to Wipak UK Limited are incidental to the management roles they fulfil for the Wihuri Oy Group.

6 Staff numbers and costs

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

	Number of employees 2021	2020
Production	73	62
Management and administration	40	36
	<u>113</u>	<u>98</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	4,260	3,951
Social security costs	441	414
Other pension costs	156	135
	<u>4,857</u>	<u>4,500</u>

7 Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings	214	193

Notes (continued)

8 Tax on profit /(loss)

Analysis of charge/(credit) in year

	2021 £000	2020 £000
<i>Deferred tax (see note 16)</i>		
Origination and reversal of timing differences	314	336
Adjustment in respect of prior periods	(12)	1
 Total deferred tax	<u>302</u>	<u>337</u>
 Total tax	<u><u>302</u></u>	<u><u>337</u></u>

All of the above tax charges/(credits) have been recognised in the profit and loss account.

Reconciliation of effective tax rate

The tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
 Profit/(Loss) before taxation	<u>705</u>	<u>1,572</u>
 Tax using the UK corporation tax rate of 19% (2020: 19 %)	134	299
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	11
Depreciation on ineligible	25	(72)
Chargeable gains / (Losses)	(6)	(232)
Adjustments in respect of prior years	(12)	1
Adjustments - Trade	(1)	-
Group Income	(2)	-
Effect of change in tax rate on deferred tax balances	163	336
 Total tax charge/(credit)	<u><u>302</u></u>	<u><u>337</u></u>

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings and property improvements	Assets under construction	Fixtures and fittings and computer equipment	Plant and equipment	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	3,161	873	1,037	9,569	14,640
Additions	247	827	-	3,777	4,851
Reclassification	148	(866)	-	718	-
At end of year	3,556	834	1,037	14,064	19,491
Depreciation					
At beginning of year	2,015	-	380	7,569	9,964
Charge for year	152	-	121	714	987
At end of year	2,167	-	501	8,283	10,951
Net book value					
At 31 December 2021	1,389	834	536	5,781	8,540
At 31 December 2020	1,146	873	657	2,000	4,676

Freehold land and buildings includes land at cost of £210,000 (2020 : £210,000) which is not depreciated.

10 Investments

	2021 £000	2020 £000
Financial assets designated as fair value through profit or loss	216	246

The financial asset relates to a 1% shareholding of 10,000 shares in a fellow group company, Wipak Limited, which are registered on the Toronto Stock Exchange. The carrying value at each reporting date is the stock price listing per the Toronto Stock Exchange.

Notes (continued)

11 Stocks

	2021 £000	2020 £000
Raw materials for production and resale	2,483	2,107
Finished goods and goods for resale	700	1,088
	<u>3,183</u>	<u>3,195</u>

The write-down of stocks to net realisable value amounted to £340 (2020: £345) and were included within cost of sales. There were no reversals of write-downs in 2021 or 2020.

The replacement cost of stocks is not materially different from the value stated above.

12 Debtors

	2021 £000	2020 £000
Trade debtors	5,016	4,885
Amounts owed by fellow subsidiary undertakings (0% interest, due within 20 days)	33	38
Prepayments and accrued income	258	1,449
	<u>5,307</u>	<u>6,372</u>

13 Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	2,095	2,061
Amounts owed to group undertakings:		
Parent company	10,517	3,352
Fellow subsidiary undertakings (0% interest, due within 20 days)	766	1,293
Other taxation and social security	716	1,343
Accruals and deferred income	363	452
	<u>14,457</u>	<u>8,501</u>

The company continues to receive the support of its ultimate parent company via a credit facility granted to it. Interest is charged at 2.6% above LIBOR.

Notes (continued)

14 Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Long term group loan	-	4,000
Accruals and deferred income	11	13
	<u>11</u>	<u>4,013</u>

Included within accruals and deferred income are capital based government grants to be credited to the profit and loss account after more than five years of £10,771 (2020 : £13,037).

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021 £000	2020 £000
Creditors falling due more than one year		
Loans from group undertakings	-	4,000
	<u>-</u>	<u>4,000</u>
Creditors falling due within less than one year		
Loans from group undertakings	10,517	3,352
	<u>10,517</u>	<u>3,352</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	< 1 year	>1 year	2021 £000	2020 £000
Intercompany revolving credit facility	GBP	LIBOR+2.6%	2022	Facility expires in 2022	6,517	-	6,517	3,352
Intercompany term loan	GBP	LIBOR+2%	2022	At maturity	4,000	-	4,000	4,000
					<u>10,517</u>	<u>-</u>	<u>10,517</u>	<u>7,352</u>

Notes (continued)

16 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021 £000	2020 £000
Assets measured at fair value through profit or loss	216	246
Assets measured at amortised cost	5,307	6,372
Liabilities (excluding loan commitments) measured at amortised cost less impairment	3,951	5,169
Loan commitments measured at amortised cost less impairment	10,517	7,352
	<u> </u>	<u> </u>

Financial instruments measured at fair value

Investments in debt and equity securities

The fair value of shares held in Wipak Limited, is determined by reference to their quoted bid price at the balance sheet date.

None of the change in fair value of this financial asset was attributable to the credit risk of Wipak UK Limited.

Fair values

There is no difference between the carrying value or fair value.

17 Deferred taxation

	£000
At beginning of year	380
Credit to the profit and loss for the year (note 7)	302
	<u> </u>
At end of year	682
	<u> </u>

The elements of deferred taxation liability are as follows:

	2021 £000	2020 £000
Difference between accumulated depreciation and amortisation and capital allowances	840	462
Pension provisions	(3)	-
Financial assets	54	47
Tax losses carried forward and other deductions	(209)	(129)
	<u> </u>	<u> </u>
	682	380
	<u> </u>	<u> </u>

18 Called up share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid:</i>		
3,500,000 Ordinary shares of £1 each	3,500	3,500
	<u> </u>	<u> </u>

Notes (continued)

19 Profit and loss account

	£000
At beginning of year	(1,520)
Retained profit for the financial year	<u>369</u>
At end of year	<u>(1,151)</u>

20 Operating leases

Non-cancellable operating leases rental are payable as follows:

	2021 £000	2020 £000
Less than one year	121	126
Between one and five years	191	274
	<u>312</u>	<u>400</u>

During the year £129,000 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £115,000).

21 Capital commitments

There were capital commitments at the year-end of £324,717 (2020: £3,196,964).

22 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account in the year they are incurred.

Total pension charge for the year was £151,000. (2020: £135,000), wholly in respect of contributions to the defined contribution scheme. Outstanding contributions at the end of the financial year were £13,467 (2020: £11,878).

23 Related parties

Identity of related parties with which the Company has transacted

In accordance with FRS102, the company is exempt from disclosing transactions where it and the other related parties are wholly-owned subsidiaries of Wihuri Packaging Oy.

During the year £2,085,000 was paid to Biaxis Oy Ltd for raw material purchases (2020: £2,413,000), Biaxis Oy is a partly owned subsidiary of the Wipak Group. Amounts outstanding in relation to these purchases at the end of the year was £199,000 (2020 : £363,000).

Wipak UK Limited also has a year-end creditor in relation to a revolving credit facility and a term loan held with its immediate parent company Whiuri Packaging Oy, further details can be found in note 14.

Notes (continued)

24 Parent undertaking

The company's immediate parent company at 31 December 2021 is W-Packaging Oy, a company incorporated in Finland.

At 31 December 2021, the directors regard Wihuri Oy, a company incorporated in Finland as the ultimate parent company. The largest group in which the results of the company are consolidated is that headed by Wihuri Oy. Copies of these consolidated financial statements may be obtained from:

The Secretary
Wihuri Oy
PO Box 45
Fin-15561
Nastola
Finland

25 Controlling party

The directors regard A Aarnio-Wihuri, the chairman, as the controlling party by virtue of his controlling interest in the ultimate parent company's equity capital.

26 Accounting estimates and judgements

Key sources of estimation uncertainty

Inventories

There is an element of estimation uncertainty with regards to valuation of inventories at the year-end due to risk of overvaluation due to obsolescence or damage. As disclosed on the balance sheet and in more detail with note 11, the net inventory balance after accounting for the obsolescence provision is £3,183,000. The total provision made against the year-end inventory balance is £137,880 and has been calculated in accordance with the policy prescribed by the Wihuri Packaging Oy Group.