

BPI Limited
Annual Report and Financial Statements
For the year to 30 September 2021
Registered number 01734308

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Annual Report and financial statements

Contents

Directors and Professional Advisers	2
Directors' Report	3
Statement of Director's Responsibilities	5
Independent Auditors' Report to the members of BPI Limited	6
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

BPI Limited

Directors and Professional Advisers

Directors:	A S Green British Polythene Limited A Harris M W Miles J K Greene
Secretary:	D Hamilton
Registered Office:	Sapphire House Crown Way Rushden Northamptonshire England NN10 6FB
Head Office:	96 Port Glasgow Road Greenock PA15 2UL
Independent Auditors:	Ernst & Young LLP George Square Glasgow G2 1DY
Bankers:	National Westminster Bank Plc

Directors' Report for the year to 30 September 2021

The directors present their report and the audited financial statements of the Company for the year to 30 September 2021. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The directors are entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a Strategic Report.

Principal activities

The Company owns and receives rents on freehold and long leasehold properties occupied by UK subsidiaries of the immediate parent company, British Polythene Industries Limited.

Business Review and Key Performance Indicators

On 1 July 2019 the RPC Group, of which the company is a subsidiary, was acquired by Berry Global International Holdings Limited, a subsidiary of Berry Global Group, Inc. Following acquisition, the company changed its year end to 30 September to align with its parent company and consequently the comparative period for these financial statements represent an 18 month period from 1 April 2019 to 30 September 2020. The current year amounts presented in the financial statements are for the year from 1 October 2020 to 30 September 2021 and therefore are not entirely comparable.

The ongoing Covid-19 pandemic and other geo-political events continues to have a modest effect on the results. The Company will continue to evaluate the potential impacts and closely monitor developments as they arise.

Turnover for the financial year to 30 September 2021 was £1,149,000 (18 months to 30 September 2020: £1,760,000) which mainly related to rent received from UK subsidiaries of British Polythene Industries Limited. Profit before interest and taxation for the year to 30 September 2021 was £10,000 (18 months to 30 September 2020: £1,082,000). The reduction in profit relates to the revaluation of leases as payment terms changed.

Going Concern

As a wholly owned subsidiary of Berry Global Group, Inc., BPI Limited relies upon group facilities to support its activities. Berry Global Group, Inc. has written to the Company confirming that it is able to provide support, and it will provide support, should it be necessary, until 30 June 2023.

The directors of the Company have assessed the ability of the parent to provide support. The Group's facilities and the rationale for preparing the Group financial statements under the going concern basis are disclosed in full in the annual report and financial statements of Berry Global Group, Inc. Having reviewed the financial position of the group and assessed the assurances given, the directors have concluded that there is no material uncertainty casting doubt on the ability of the Company to continue as a going concern and thus the going concern basis of accounting has been adopted in preparing the financial statements of BPI Limited.

Future developments and Post Balance Sheet Events

Going forward the Company anticipates similar performance as in the current financial year.

During December 2021 the company completed the sale of the Stroud property which was transferred back to it from the Pension Funding Partnership. Going forward rental payments to the Pension Funding Partnership will therefore reduce as will rental income, therefore resulting in similar performance to the current year.

Risk Factors

As the Company relies on rental income from other UK subsidiaries of British Polythene Industries Limited the biggest risk is non-payment of rent by these subsidiaries.

BPI Limited

Directors' Report for the year to 30 September 2021 (continued)

Political Donations

No political donations were paid during the year (18 months to 30 September 2020: Nil).

Dividends

There were no dividends paid or proposed (2020: Nil).

Share capital

Information relating to share capital of the Company is given in Note 12 to the financial statements.

Financial Risk Management

Financial risk management is carried out by the central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks.

Directors

The directors of the Company who were in office at 30 September 2021 are shown on page 2.

The following persons served as directors during the year;

A S Green
British Polythene Limited
A Harris
M W Miles
J K Greene

Appointment of Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

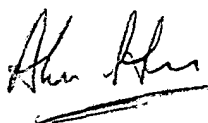
Disclosure of information to auditors

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

On behalf of the board

A Harris

Director



26 May 2022

Statement of Director's Responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. 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 101 "Reduced Disclosure Framework", 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 101, 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.

Independent Auditors' Report to the members of BPI Limited

Opinion

We have audited the financial statements of BPI Limited for the year ended 30 September 2021 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 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 until 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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

Independent Auditors' Report to the members of BPI Limited

Other information (continued)

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- The directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed

Independent Auditors' Report to the members of BPI Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, being United Kingdom Accounting Standards, including FRS 101 and the Companies Act 2006, and the relevant tax compliance regulations in the UK.
- We understood how the company is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of board minutes and any correspondence with relevant counterparties and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of management from various parts of the business and performing a walkthrough of the financial statement close process. We also considered performance targets and their propensity to influence efforts made by management to manage results.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes and legal expenses to identify any non-compliance with laws and regulations. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable requirements. We involved tax specialists in the audit to consider any non-compliance with tax legislation. We also utilised data analytical tools to review for potential non-compliance with laws and regulations and tested manual journal entries to supporting evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Ernst & Young LLP

Janie McMinn (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
26 May 2022

BPI Limited

Profit and Loss Account for the year ended 30 September 2021

		30 September 2021 £000	18 months to 30 September 2020 £000
	<i>Note</i>		
Turnover	2	1,149	1,760
Cost of sales	2	<u>(1,016)</u>	<u>(632)</u>
Gross profit		133	1,128
Administrative expenses	2	<u>(123)</u>	<u>(46)</u>
Profit before interest and taxation		10	1,082
Interest payable and similar expenses	3	<u>(875)</u>	<u>(1,330)</u>
Interest receivable and similar income	4	<u>1,906</u>	<u>3,241</u>
Profit before taxation		1,041	2,993
Tax on profit	5	<u>(521)</u>	<u>320</u>
Profit for the financial year / period		<u>520</u>	<u>3,313</u>

All the Company's activities are continuing.

The Company has no items of other comprehensive income other than the results for the year as set out above.

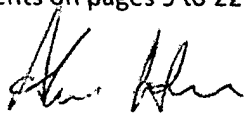
BPI Limited

Balance Sheet at 30 September 2021

	Note	30 September 2021 £000	30 September 2020 £000
Non-current assets			
Investment property	6	4,721	5,189
Finance lease receivables	7	26,822	29,186
Amounts due from group undertakings		41,001	41,001
		72,544	75,376
Current assets			
Finance lease receivables	7	3,361	3,361
Amounts due from group undertakings		6,268	13,248
		9,629	16,609
Creditors: amounts falling due within one year			
Trade and other payables	8	(1,759)	(11,713)
Lease liabilities	9	(2,061)	(2,034)
		(3,820)	(13,747)
Net current assets		5,809	2,862
Total assets less current liabilities		78,353	78,238
Creditors: amounts falling due after more than one year			
Trade and other payables	10	(6,623)	(6,623)
Lease liabilities	9	(16,775)	(17,701)
Deferred taxation	11	(3,272)	(2,751)
		(26,670)	(27,075)
Net assets		51,683	51,163
Capital and reserves			
Called up share capital	12	2,810	2,810
Share premium account		1,679	1,679
Capital redemption reserve		5,000	5,000
Other reserves		247	247
Retained earnings		41,947	41,427
Total shareholders funds		51,683	51,163

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 9 to 22 were approved by the Board of Directors on 26 May 2022 and signed on its behalf by:



A Harris, Director on behalf of the Board of BPI Limited, Registered Number 01734308

Statement of Changes in Equity for the year to 30 September 2021

	Called Up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Other Reserves £000	Retained Earnings £000	Total Shareholders' Funds £000
Balance at 1 October 2020	2,810	1,679	5,000	247	41,427	51,163
Profit for the financial year	-	-	-	-	520	520
Total comprehensive income for the financial year	-	-	-	-	520	520
Balance at 30 September 2021	2,810	1,679	5,000	247	41,947	51,683

	Called Up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Other Reserves £000	Retained Earnings £000	Total Shareholders' Funds £000
Balance at 1 April 2019	2,810	1,679	5,000	247	26,093	35,829
Impact of change in accounting policy - Adoption of IFRS16 Leases	-	-	-	-	12,021	12,021
Balance at 1 April 2019 Adjusted	2,810	1,679	5,000	247	38,114	47,850
Profit for the financial period	-	-	-	-	3,313	3,313
Total comprehensive income for the financial period	-	-	-	-	3,313	3,313
Balance at 30 September 2020	2,810	1,679	5,000	247	41,427	51,163

Notes to the Financial Statements

1. Significant Accounting Policies

BPI Limited (the "Company") is a private company limited by shares incorporated and domiciled in England, United Kingdom.

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and under the historic cost convention. The amendments to FRS 101 (2020/21 Cycle) issued in May 2021 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Berry Global Group, Inc., includes the Company in its consolidated Annual Report and financial statements. The consolidated Annual Report and financial statements of Berry Global Group, Inc. are prepared in accordance with U.S. GAAP and are available to the public and may be obtained from 101 Oakley Street, Evansville, Indiana, United States, 47710.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1: Presentation of financial statements in respect of: statement of cash flows including comparatives and statement of compliance with all IFRS;
- IAS 1: Presentation of financial statements' comparative information requirements in respect of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets;
- IAS 24: Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group;
- IAS 8: Accounting policies, changes in accounting estimates and errors' for the disclosure of new standard not yet effective; and
- IAS 24: Related party disclosures in respect of key management compensation.

As the consolidated financial statements of Berry Global Group, Inc. include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 7: Financial Instruments: Disclosures; and
- IFRS 13: Fair value measurement in respect of the disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

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

Going Concern

As a wholly owned subsidiary of Berry Global Group, Inc., BPI Limited relies upon group facilities to support its activities. Berry Global Group, Inc. has written to the Company confirming that it is able to provide support, and it will provide support, should it be necessary, until 30 June 2023.

The directors of the Company have assessed the ability of the parent to provide support. The Group's facilities and the rationale for preparing the Group financial statements under the going concern basis are disclosed in full in the annual report and financial statements of Berry Global Group, Inc. Having reviewed the financial position of the group and assessed the assurances given, the directors have concluded that there is no material uncertainty casting doubt on the ability of the Company to continue as a going concern and thus the going concern basis of accounting has been adopted in preparing the financial statements of BPI Limited.

Turnover recognition

Turnover from rental income is recognised on a straight line basis over the term of the lease.

Investment property

Fixed assets are stated at cost. Depreciation is provided on fixed assets to write off the cost less estimated residual value, on a straight line basis over their estimated useful lives as follows:

Buildings	20-50 years
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No depreciation has been provided on freehold land.

Leases

i) Identification of a lease

At inception of a contract the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the right to substitute the identified asset for a similar asset then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

Leases

ii) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise.

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the group is reasonably certain to exercise the extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

iii) As a lessor

The Company classifies its leases as either operating or finance leases.

Income as a lessor is in line with the accounting policy for turnover recognition disclosed above.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

Taxation

The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and any adjustment to tax payable in respect of prior years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred 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 using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax is charged or credited in the income statement, except when it relates to items charged or credited through the statement of other comprehensive income, in which case the deferred tax is also dealt with through the statement of other comprehensive income.

Dividends payable

Dividends payable to the Company's shareholders are recorded as a liability in the period in which the dividends are approved and no longer discretionary.

Other receivables

Other receivables are amounts due from other group companies 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.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

Critical accounting estimates

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to Significant areas of judgement and estimation below for details of estimates.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Carrying values of investment property

The carrying values of investment property are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recovered. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations. These calculations require management judgement around the selection of a suitable discount rate. Value in use calculations also require management to estimate both future cash flows, via the application of growth assumptions, and future maintenance capital expenditure. Depreciation and amortisation is provided so as to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and estimated lives requires the exercise of management judgement.

Significant areas of judgement and estimation

The application of IFRS 16 requires significant estimation and judgement, particularly around the calculation of the incremental borrowing rate and determining the lease term when there are options to extend or terminate early.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company used incremental borrowing rates specific to each lease of 3.41%.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For property leases the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate)

New Standards, Amendments and IFRIC Interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 September 2021 that have had a material impact on the company.

Notes to the Financial Statements (continued)

2. Analysis of Turnover and Operating Profit

	Year to 30 September 2021 £000	18 months to 30 September 2020 £000
Turnover - UK	1,149	1,760
Profit before interest and taxes:		
Depreciation of tangible fixed assets	468	632
Adjustment to NPV of lease liability	548	-
Amounts receivable by auditors in respect of:		
Audit of the financial statements	25	-

No remuneration was paid by the Company to any of the directors of the Company in the current year or previous financial period. Certain directors are employed by other companies within the Berry Global Group. It is not possible to accurately apportion their remuneration receivable in respect of qualifying services to BPI Limited.

There were no employees in the current year or previous financial period.

3. Interest payable and similar expenses

	Year to 30 September 2021 £000	18 months to 30 September 2020 £000
Group interest payable	(210)	(273)
Lease interest payable	(665)	(1,057)
	(875)	(1,330)

Notes to the Financial Statements (continued)

4. Interest receivable and similar income

	Year to 30 September 2021 £000	18 months to 30 September 2020 £000
Group interest receivable	847	1,507
Finance income on net investment on leases	1,059	1,734
	<u>1,906</u>	<u>3,241</u>

5. Tax on Profit

	Year to 30 September 2021 £000	18 months to 30 September 2020 £000
Deferred tax expense		
Origination of temporary differences	522	(320)
Adjustment in respect of previous years	(1)	
	<u>521</u>	<u>(320)</u>
Total expense / (income) in profit and loss account	<u>521</u>	<u>(320)</u>

Factors affecting the income tax expense

The difference between the profit before taxation for the year and the standard rate of corporation tax in the UK is explained below:

	Year to 30 September 2021 £000	18 months to 30 September 2020 £000
Reconciliation of effective tax rate		
Profit before taxation	1,041	2,993
Current tax at 19% (2020: 19%)	198	569
Permanent differences	53	64
Group relief received - not paid for	(489)	(990)
Impact of rate differential	760	37
Adjustments in respect of prior periods	(1)	-
Total tax income in profit and loss account	<u>521</u>	<u>(320)</u>

Notes to the Financial Statements (continued)

5. Tax on Profit (continued)

UK Finance Bill 2021 was substantively enacted on 24 May 2021, which included the increase in main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. This will increase the company's future current tax charge accordingly. The company's deferred tax liabilities at 30 September 2021 have been recalculated accordingly, based on the Group's best estimate of the timing of the unwind of existing temporary differences.

On 29 September 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). On 24 December 2020 the UK and the EU entered into EU-UK Comprehensive Trade Agreement having received Royal Assent. The agreement respects the autonomy of the UK and EU respectively. The treaty, beyond expressing transparency and mutual areas of co-operation was silent on UK tax laws and rates. The directors have continued to assess the impact and have not identified any significant matters affecting the financial statements.

6. Investment Property

	Land and Buildings £000
Cost	
At 1 October 2020 and 30 September 2021	13,770
Accumulated Depreciation	
At 1 October 2020	8,581
Charge for year	468
At 30 September 2021	9,049
Net book amount at 30 September 2021	4,721
Net book amount at 30 September 2020	5,189

The amount of land not depreciated is £381,000 (30 September 2020: £381,000).

The net book amount of land and buildings comprises:

	30 September 2021 £000	30 September 2020 £000
Freehold	4,721	5,189
	4,721	5,189

There were no property disposals in the year to 30 September 2021 nor the 18 month period to 30 September 2020.

There were no impairments during the financial year (2020: £nil).

Notes to the Financial Statements (continued)

7. Finance lease receivables

	30 September 2021 £000	30 September 2020 £000
Finance lease receivables falling due within one year	3,361	3,361
Finance lease receivables falling due after more than one year	26,822	29,186
	<u>30,183</u>	<u>32,547</u>

8. Creditors: Amounts falling due within one year

	30 September 2021 £000	30 September 2020 £000
Other creditors	1	2
Due to group undertakings	1,758	11,711
	<u>1,759</u>	<u>11,713</u>

9. Lease liabilities

	30 September 2021 £000	30 September 2020 £000
Finance lease receivables falling due within one year	(2,061)	(2,034)
Finance lease receivables falling due after more than one year	(16,775)	(17,701)
	<u>(18,836)</u>	<u>(19,735)</u>

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Company's incremental borrowing rate.

Total cash outflow for the year relating to leases was nil.

Notes to the Financial Statements (continued)

10. Creditors: Amounts falling due after more than one year

	30 September 2021 £000	30 September 2020 £000
Due to group undertakings	6,623	6,623
	<u>6,623</u>	<u>6,623</u>

11. Deferred Taxation

	Accelerated Capital Allowances 30 September 2021 £000	Accelerated Capital Allowances 30 September 2020 £000
Amounts provided		
At 1 October/ 1 April	2,751	363
Charge for the year in profit and loss account	522	(320)
Charge for the year in STRGL	-	2,708
Adjustment in respect of prior periods	(1)	-
At 30 September	<u>3,272</u>	<u>2,751</u>

12. Called Up Share Capital

	30 September 2021 £000	30 September 2020 £000
Allotted and fully paid		
Equity		
11,241,144 (2020: 11,241,144) Ordinary shares each of £0.25	<u>2,810</u>	<u>2,810</u>

13. Capital Commitments

Capital commitments at 30 September 2021 amounted to £nil (30 September 2020: £nil).

14. Financial Instruments

The fair value of financial instruments is the same as the carrying value.

Notes to the Financial Statements (continued)

15. Contingent Liability

The Company has an obligation under the Group VAT registration at 30 September 2021 amounting to £645,000 (30 September 2020: £5,605,000).

16. Ultimate Parent Company

The ultimate parent company undertaking of the only group of undertakings for which group financial statements are drawn up and of which the Company is a member is Berry Global Group, Inc. Copies of the Annual Report and consolidated financial statements may be obtained from 101 Oakley Street, Evansville, Indiana, United States, 47710.

The immediate parent company is British Polythene Industries Limited which is registered in England and Wales. Copies of this company's financial statements can be obtained at 96 Port Glasgow Road, Greenock, PA15 2UL.

17. Related Party Transactions

Transactions with wholly owned subsidiaries of Berry Global Group, Inc. are not disclosed on the basis of the exemption contained in FRS 101.

18. Post Balance Sheet Events

During December 2021 the company completed the sale of the Stroud property which was transferred back to it from the Pension Funding Partnership. Going forward rental payments to the Pension Funding Partnership will therefore reduce.