

**Verallia UK Limited (formerly Allied Glass Containers Limited)**  
**Annual Report and Financial Statements**  
**For The Period Ended 7 November 2022**



# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **COMPANY INFORMATION**

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### **Directors**

Mr J M Culley  
Mr A S Henderson  
Mr M J Hogley  
Mr N A Maskrey  
Mr J S Naughton

### **Company number**

03846688

### **Registered office**

69 South Accommodation Road  
Leeds  
LS10 1NQ

### **Independent auditors**

Grant Thornton UK LLP  
No. 1 Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

### **Solicitors**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

### **Bankers**

Bank of Scotland  
300 Lawnmarket  
Edinburgh  
EH1 2PH

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# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 4
Directors' report	5 - 7
Directors' responsibilities statement	8
Independent auditor's report	9 - 12
Statement of Comprehensive Income	13
Statement of Financial Position	14 - 15
Statement of Changes in Equity	16
Notes to the financial statements	17 - 35

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# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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The directors present their strategic report and the audited financial statements for the period ended 7 November 2022. The period was shortened by 26 days from 3 December 2022 in anticipation of the sale of the Group.

This strategic report refers to the Allied Glass Group of which the company is the primary trading entity. Tonic Midco Limited is the parent undertaking of this Group which represents the largest and smallest group of undertakings to consolidate these financial statements at 7 November 2022. The consolidated financial statements of Tonic Midco Limited are available from Companies House.

Subsequent to the period end Tonic Topco Limited and its subsidiaries, including the company, were purchased by Verallia Holding UK Limited, a subsidiary of Verallia SA (Verallia), a company incorporated and registered in France.

#### **Review of business and future developments**

The Group's primary market is Spirits, with other areas served being Soft Drinks, Beers, Water, Wines and Food containers. Notwithstanding the ongoing challenges of the global economic climate our markets remained very resilient and continued to perform well in the period under review. This is particularly the case for the Spirits sector.

The Group maintained its core focus upon the Premium Spirit sector and in 2022 continued to make capital investments to support strategic development in relation to premium brands, positioning it to take further advantage of market growth. A total of £28.1m of capital expenditure was incurred, with a clear focus on quality, output and facilitating growth. The majority of spend related to buildings and plant & equipment for our transformational Focused Factory capital investment program primarily at our Leeds site that was successfully completed in the period.

Despite the shortened period revenue increased by 6% to £145.3m. Operating profit moved up marginally to £24.5m (2021: £24.4m) impacted by higher short term warehousing costs incurred in support of the Focused Factory capital expenditure initiative. The Statement of Financial Position reflects the rationalisation of historic intercompany balances and dividends paid to the company's shareholders.

Operating cash generation (before interest and tax) for the Group remained extremely healthy and significantly ahead of expectations at £27.9m (2021: £26.0m), representing a highly creditable outturn. This was again underpinned by strong EBITDA levels and a sustained, robust focus on cash management combined with careful control of inventory levels and well established long term relationships with customers and suppliers alike. The payment practices report at the period end showed 0% of invoices due but not paid within agreed terms.

The business remains well placed to leverage its positive performance in order to continue to attain future growth in the current period. Core markets continue to perform well with a positive trajectory. The acquisition by Verallia can only enhance this position by providing access to the significant support, synergies and opportunities available as part of a global glass manufacturing group, underpinned by the complementary nature of the respective organisations.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## STRATEGIC REPORT (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### Key performance indicators

	7 November 2022		
	Actual	Target	
Net working capital as a % of last 3 months sales	13.3	16.4	Less than target means it is exceeded
Gross Margin %	44.2	42.9	Greater than target means it is exceeded
Accident frequency per 100,000 hours worked	3.8	N/A	

These are considered by the directors as being fundamental measures in assessing the business' financial, commercial and operational wellbeing and have been extracted from the Group management accounts.

#### Principal risks and uncertainties facing the Group

The key area of uncertainty for the Group is how well it adapts to ever changing circumstances and challenges presented by economic, political and technological influences. This includes interest rate and currency fluctuations, credit, liquidity and other financial risks sensitive to pricing decisions and competitive pressure. The Group attempts to manage these risks by using a variety of measures and policies governed by the directors. Our long standing relationships with customers combined with our ongoing commitment to quality and service, supplemented by our new product development expertise enables the mitigation of competition risk. The use of appropriate external advice and development of appropriate strategies to counter any threats posed are undertaken.

#### Geopolitical Situation & Energy Markets

The outbreak of conflict in the Ukraine in the early part of 2022 created unprecedented issues across many areas of the global economy, not least in the energy markets. The directors have continued to deploy a prudent hedging policy that has offered some protection against the volatile and increasing market prices. In addition, our long standing relationships with strategic partners in our supply chain have continued to serve the Group well in terms of security of supply and transparency around cost base increases across the basket of goods and services we procure.

#### Covid-19

In common with the majority of UK industry, the Group was adversely impacted by the outbreak of the Covid-19 (Coronavirus) pandemic during prior periods. The directors continue to monitor the situation on an ongoing basis, but believe the Group is well placed to manage any potential future impact thanks to the well-established risk management processes that are in place.

#### Leeds Fire

On 4 September 2022 there was a fire at our Leeds glass manufacturing facility. Our internal fire safety team responded magnificently to the incident ensuring that the fire was contained until the arrival of the West Yorkshire Fire Service, thereby substantially mitigating the impact. The Directors remain grateful for their courage and bravery. A comprehensive investigation & survey of the damage was undertaken by management working alongside external suppliers and professional advisers. The conclusion was that the integrity of the operations was sound and that the damage could be fully repaired. Our insurance policy responded and the claim is currently in the process of being finalised. The cost of the repairs up to the end of the financial period was £1.9m. These costs have been reimbursed by our insurance partners.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **Statement of directors' duties in accordance with s172 of the Companies Act 2006**

##### **General matters**

The executive team is comprised of 5 full time UK directors and other senior leaders who bring a diverse range of key experience and skillsets. The directors consider the combined team's breadth of experience and knowledge to be strong enough to be able to discharge collective obligations thoroughly.

We retain a strong focus on the longer term impact of our decisions, which are typically strategic in nature. This is highlighted by our sustained commitment to develop our operational footprint to ensure that our factories are fit for the future, with a critical focus on environmental sustainability considerations. We maintain our position at the forefront of glass manufacturing capability to drive a strong position in the marketplace, combined with investment in our design capability in order to create and deliver the best products and services.

The directors and the executive team as a whole hold regular meetings, as well as meeting frequently with heads of department and the wider management. Any operational and strategic decisions are debated on a democratic basis to ensure management have input as to the optimal way to execute strategy. The directors believe that this process spreads risk and ensures that decisions made are fair and balanced in the context of all business and stakeholder priorities. Any decisions taken in accordance with the Companies Act 2006 are voted on as described in our Memorandum and Articles of Association.

The directors consider that all key decisions taken during the period have been made with the best interests of the stakeholders of the business.

##### **Employee involvement matters**

During the period we continued to apply our "WE ARE ALLIED" employee engagement programme and "AWARE" mental wellbeing framework across the workforce through a number of communication channels. These initiatives were again well received. We run assessments of our current position as a business on these elements and build them into our strategic plans by focusing on the specific areas as identified.

The Group continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's trading position and of any significant organisational changes and investment plans.

Employee involvement in the Group is encouraged, and now as part of an enlarged group is only enhanced, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a leading role in maintaining its vibrancy. The Group encourages the involvement of employees through a number of channels including committees such as pension governance and sports & social. The "ALLIED APPRECIATION AWARDS" designed to reward excellence in several categories across the business and voted for by our employees were a great success.

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the Group, as well as through training, promotion and career development.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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### **Customers and suppliers**

Customers interact with the Group in many different ways and we continue to adapt our resource and structure accordingly. We set out to build strong strategic partnerships with our customers with the aim of being their supplier of choice and offer a range of products and services as a package to meet all our customers' needs. Our customer satisfaction programme continues to provide a structure to deepen our understanding of customer perceptions. Outputs from our surveys remain positive, with areas identified for action plans to be developed to ensure best practice is delivered across all client accounts.

The Group also places significant emphasis on the ongoing relationships with its suppliers, which are critical for our supply chain security. We identify key strategic suppliers and hold regular review meetings covering the Group's strategic plans and how they can provide support moving forward, particularly where new initiatives and technologies are involved, including for example the provision of renewable energy covering 100% of our electricity supply. Collaborating closely with suppliers in this way helps to enhance strong long term relationships to ensure that an effective and fair balance is achieved.

### **Environmental**

The Group continues to maintain registration to the International Environmental Standard ISO 14001. In addition, during the period the Group successfully retained accreditation to the Eco Vadis sustainability standard at the Gold level.

The necessary permits to operate the manufacturing sites under the Environmental Permitting regulations remain in place and the Group continues to invest capital in plant and equipment, both to ensure continuation of the permits and to achieve continual improvement in environmental performance. Completion of the Focussed Factory capital expenditure project delivered significant reductions in energy consumption and emissions. Incorporating electric boost technology into our furnaces allows the business to switch a proportion of its energy used for glass melting from fossil fuel to renewable electricity. Environmental impact remains a key criteria in our investment appraisal decision making.

The Group monitored and reported greenhouse emissions under the UKETS (United Kingdom Emissions Trading System). Emissions are independently verified annually and the Group was fully compliant with all aspects of the regulations. Carbon emissions per tonne of glass pleasingly reduced compared to the previous period due to the efficiency improvements driven by the Focussed Factory project. The Group continues to target significant reductions by 2025 as part of its sustainability programme, details of which are publicly available.

### **Section 172(1) statement**

The directors of the company consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to Section 172 (a)-(f) of the Companies Act 2006.

On behalf of the board

*Alan Henderson*

**A S Henderson**

**Director**

6 June 2023

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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The directors present their annual report and the audited financial statements for the period ended 7 November 2022.

#### **Principal activities**

The principal activity of the company continued to be the manufacturing of glass containers.

#### **Results and dividends**

The results for the period are set out on page 13.

Ordinary interim dividends of £106,315,890 (2021: £10,000,000) were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr J M Culley

Mr A S Henderson

Mr M J Hogley

Mr N A Maskrey

Mr J S Naughton

Mr P Morris

(Resigned 7 July 2022)

Mr R Summers

(Resigned 31 December 2022)

#### **Future developments**

The future developments of the company are included within the strategic report.

#### **Financial risk management**

The Group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations. Each of these are managed and maintained at levels deemed appropriate by the directors in order to mitigate the risks identified.

The main risks arising from the Group's financial instruments can be analysed as follows:

#### **Foreign currency risk**

The Group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. As the Group both buys and sells goods with Europe the Euro is the main foreign currency. The risk of exchange rate fluctuations is hedged using currency forward contracts entered into regularly throughout the period and particularly ahead of large transactions.

#### **Credit risk**

The Group's financial assets are bank balances, cash and trade debtors and represent the Group's total exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade debtors, which are covered by an appropriate level of credit insurance.



# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### Liquidity risk

The Group's policy is to ensure there are appropriate levels of funding through various facilities including medium term bank loans, shareholder loan notes, the acquisition of an element of the Group's fixed assets under finance leases and working capital facilities to manage its day to day funding requirements. Subsequent to the period end, the external financing has been replaced with intercompany finance from Verallia. The directors have prepared the financial statements on the going concern basis with further details set out in note 1.2 to the financial statements.

#### Gas, electricity and carbon price risk

The Group has exposure to the movement in energy and carbon prices, which are managed by entering contracts with its suppliers that allow the Group to buy energy and carbon volumes at an agreed price. These contracts are for own use and are not traded.

#### Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a variable rate. Interest arising on the bank overdraft is at market rate. The company's policy is to maintain the majority of other borrowings at fixed rates to fix the amount of future interest cash flows. In some instances variable rates are fixed by the use of financial interest rate swaps. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the company.

#### Carbon reporting requirements

	Period ended 7 November 2022	Period ended 4 December 2021
<b>Energy consumption used to calculate emissions: / kWh</b>	478,882,637	580,479,873
<b>Breakdown of above total energy by source</b>		
Electricity	60,149,760	68,901,474
Gas	301,516,527	478,095,476
Transport	3,883,296	3,294,713
Furnace gas oil	113,333,053	30,188,210
Emissions from combustion of gas (Scope 1) / tCO <sub>2</sub> e	84,149.37	95,324.42
Emissions from combustion of fuel for transport purposes (Scope 1) / tCO <sub>2</sub> e	983.57	822.89
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) / tCO <sub>2</sub> e	11.35	20.69
Emissions from purchased electricity (Scope 2, location-based) / tCO <sub>2</sub> e	11,631.76	14,629.85
Total gross CO <sub>2</sub> e based on above (location-based) / tCO <sub>2</sub> e	96,776.05	110,797.84
Intensity ratio: tCO <sub>2</sub> e (gross) per £1,000 turnover	0.666	0.805
Emissions from purchased electricity (Scope 2, market-based) / tCO <sub>2</sub> e	-	-
Total gross CO <sub>2</sub> e based on above (market-based) / tCO <sub>2</sub> e	85,144.29	96,167.99
Intensity ratio: tCO <sub>2</sub> e (gross, market-based) per £1,000 turnover	0.586	0.699
tCO <sub>2</sub> /day	252.65	263.47

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **Quantification and reporting methodology**

We have again followed the 2019 HM Government Environmental Reporting Guidelines.

We have also used the Greenhouse Gas (GHG) Reporting Protocol - Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

#### **Intensity measurement**

The chosen intensity measurement ratio is total gross emissions in tonnes of CO<sub>2</sub>e per £1,000 turnover.

#### **Energy efficiency action taken:**

In the period covered by the report the company has undertaken the following energy saving programmes:

In the period we completed the Focussed Factory project at our Leeds site to rebuild the number two furnace and replace and enhance the associated downstream production lines. Energy efficiencies have been achieved throughout the bottle manufacturing process. As part of the project significant building works were carried out to deliver a larger factory footprint, comprising insulation of buildings and roofs and electrical infrastructure upgrade.

We continued to focus on the proportion of recycled content and achieved 98% on a number of colour campaigns, with the driver being that recycled glass requires less energy to melt than virgin raw materials. The use of oxygen and electric boost was optimised, which in turn reduced the reliance on natural gas in the furnace.

All electricity was procured from 100% Renewable Energy Guarantees of Origin (REGO) backed renewable sources up to 30 September 2022 and solely from Hydro-electricity generation from 1 October 2022 via a Corporate Power Purchase Agreement (CPPA).

A programme of continual improvement of furnace efficiency is maintained via a weekly review of gas and electricity usage, furnace operations and recycling rate.

During 2022 we transitioned our sales and technical services representatives into an electric vehicle fleet.

#### **Employee involvement**

Commentary in relation to the involvement of employees is provided in the Strategic Report on page 3.

#### **Statement of disclosure to auditors**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Approval**

The Directors' report was approved by the board on 6 June 2023 and signed on its behalf by:

*Alan Henderson*

**A S Henderson**  
**Director**

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**VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **Independent auditor's report to the members of Allied Glass Containers Limited**

##### **Opinion**

We have audited the financial statements of Verallia UK Limited (formerly known as Allied Glass Containers Limited) (the 'company') for the period from 5 December 2021 to 7 November 2022, which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, 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 Standard, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 7 November 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as inflationary pressures, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

#### **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 strategic report and the directors' report for the financial period 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.

#### **Matter on which we are required to report under the Companies Act 2006**

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 or the directors' report.

#### **Matters on which we are required to report by exception**

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.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- we obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined that those relating to the reporting frameworks being Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 to be the most significant of the laws and regulations applicable to the entity;
- we enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries with those charged with governance and to supporting documentation such as our legal and professional expenses review. From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud;
- in addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material impact if non-compliance were to occur; health and safety and employment law;
- to assess the potential risks of material misstatement, we obtained an understanding of:
  - the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and
  - the company's control environment including the adequacy of procedures for authorisation of transactions.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - testing manual journal entries, in particular journal entries relating to management estimates and journal entries determined to be large or relating to unusual transactions;

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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- reviewing legal and professional expenditure in the period to assess for any indicators of non-compliance with relevant laws and regulations;
- completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable reporting requirements;
- identifying and testing related party transactions.

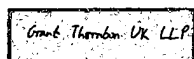
These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Richard Woodward  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

6 June 2023



# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

		48 weeks ended 7 November 2022 £'000	52 weeks ended 4 December 2021 £'000
	Note		
Revenue	3	145,345	137,646
Cost of sales		(106,142)	(100,348)
<b>Gross profit</b>		<b>39,203</b>	<b>37,298</b>
Distribution costs		(17,774)	(14,631)
Administrative expenses		(3,822)	(4,516)
Other operating income	3	6,887	6,224
<b>Operating profit</b>	<b>4</b>	<b>24,494</b>	<b>24,375</b>
Finance income	8	135	-
Finance costs	9	(2,164)	(1,844)
Other gains and losses	10	(81)	69
<b>Profit before taxation</b>		<b>22,384</b>	<b>22,600</b>
Tax on profit	11	(4,825)	(4,839)
<b>Profit and total comprehensive income for the period</b>		<b>17,559</b>	<b>17,761</b>

The above results all relate to continuing activities.

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## STATEMENT OF FINANCIAL POSITION

AS AT 7 NOVEMBER 2022

		7 November 2022 £'000	4 December 2021 £'000
	Note		
<b>Non-current assets</b>			
Intangible assets	12	851	851
Property, plant and equipment	13	69,685	48,506
Investments	14	904	904
		<u>71,440</u>	<u>50,261</u>
<b>Current assets</b>			
Inventories	16	28,249	28,574
Trade and other receivables	17	32,836	112,184
Current tax recoverable		777	938
Derivative financial instruments	10	-	69
Cash and cash equivalents		<u>7,300</u>	<u>3,709</u>
		<u>69,162</u>	<u>145,474</u>
<b>Current liabilities</b>			
Borrowings	18	31,527	-
Trade and other payables	19	44,431	86,562
Taxation and social security		5,709	1,892
Derivative financial instruments	10	12	-
Lease liabilities	20	<u>1,924</u>	<u>1,959</u>
		<u>83,603</u>	<u>90,413</u>
<b>Net current (liabilities) / assets</b>		<u>(14,441)</u>	<u>55,061</u>
<b>Total assets less current liabilities</b>		<u>56,999</u>	<u>105,322</u>
<b>Non-current liabilities</b>			
Lease liabilities	20	7,638	8,781
Deferred tax liabilities	21	<u>9,735</u>	<u>4,785</u>
		<u>17,373</u>	<u>13,566</u>
<b>Net assets</b>		<u><b>39,626</b></u>	<u><b>91,756</b></u>
<b>Equity</b>			
Called up share capital	23	-	-
Share premium account	24	-	37,126
Retained earnings		<u>39,626</u>	<u>54,630</u>
<b>Total equity</b>		<u><b>39,626</b></u>	<u><b>91,756</b></u>

**VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 7 NOVEMBER 2022**

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The notes on pages 17 to 35 form an integral part of these financial statements.

The financial statements on pages 13 to 35 were approved by the board of directors and authorised for issue on 6 June 2023 and are signed on its behalf by:

*Alan Henderson*

**A S Henderson**  
**Director**

Company Registration No. 03846688

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## STATEMENT OF CHANGES IN EQUITY

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

		Share capital	Share premium account	Retained earnings	Total
	Note	£'000	£'000	£'000	£'000
<b>Balances at 5 December 2020</b>		-	37,126	46,869	83,995
<b>Period ended 4 December 2021:</b>					
Profit and total comprehensive income for the period (Restated)		-	-	17,761	17,761
Dividends paid		-	-	(10,000)	(10,000)
<b>Balances at 4 December 2021</b>		-	37,126	54,630	91,756
<b>Period ended 7 November 2022:</b>					
Profit and total comprehensive income for the period		-	-	17,559	17,559
Issue of share capital	23	-	36,627	-	36,627
Capital reduction	24	-	(73,753)	73,753	-
Dividends paid		-	-	(106,316)	(106,316)
<b>Balances at 7 November 2022</b>		-	-	39,626	39,626

The notes on pages 17 to 35 form an integral part of these financial statements.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **1 Accounting policies**

##### **Company information**

Allied Glass Containers Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is 69 South Accommodation Road, Leeds, LS10 1NQ.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. These policies have been consistently applied to all periods presented unless otherwise

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared on the historical cost basis, except for derivatives which are carried at their fair value. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
- (b) the requirements within IAS 1 relating to the presentation of certain comparative information;
- (c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- (d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective); and
- (e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

#### **1.2 Going Concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for a period of greater than twelve months.

Subsequent to the period end Tonic Topco Limited and its subsidiaries, including the company, were purchased by Verallia Holding UK Limited, a subsidiary of Verallia SA, a company incorporated and registered in France. As part of the post-acquisition restructuring plan to streamline the new UK Verallia group, Verallia UK Limited (formerly Allied Glass Containers Limited) was sold to Verallia Holding UK Limited. In addition, post period end, all external debt has been repaid in full and the business is now self funded. There is an intercompany loan in place with Verallia Holding UK Limited who have confirmed that the debt will not need to be repaid unless the company has sufficient funds to do so.

The directors have prepared cashflow forecasts for the forthcoming year based upon assumptions for trading and the requirements for cash resources, these forecasts take in to account reasonably possible changes in trading financial performance. The company's policies for financial risk management are detailed in the Directors report at the front of these financial statements.

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# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **1 Accounting policies (continued)**

##### **1.2 Going Concern (continued)**

Further to this management prepared a severe scenario, reducing revenues from budget whilst maintaining costs and including a more pessimistic view of working capital because of this. There was still ample headroom under this scenario. The revenue and cashflow assumptions required to eliminate any headroom are considered by the directors to be highly unlikely, particularly given trading to date.

Based upon this analysis, and the letter of support from the parent company, the directors have concluded that the company has adequate working capital resources and that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements.

##### **1.3 Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the company's activities. Revenue is shown net of value added tax, rebates, discounts and after eliminating sales within the company.

Under normal circumstances, revenue from product sales is recognised upon delivery to the customer or in the case of goods supplied ex-works, generally upon when the goods are made available for collection by the customer or their agent.

The Group enters into bill-and-hold arrangements with some of its customers whereby the company retains physical possession of the product until it is transferred to the customer at a point in time in the future. In such arrangements, the Group establishes the point in time in which the performance obligation is transferred across to the customer. As the Group are not able to direct the use of such products nor sell them to an alternative customer, this is generally considered to be at the point in which the product is ready to be distributed.

##### **1.4 Segmental Reporting**

A business segment is a group of assets and operations engaged in providing products and services that are subject to risk and returns that are different from those of other business segments. The company manages all its operations as a single business unit, reflecting the locality and interchangeable production capabilities of its operations with the Yorkshire region.

##### **1.5 Goodwill**

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 1 Accounting policies (continued)

##### 1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	50 years straight line
Plant and machinery	12 years straight line
Motor vehicles (Disclosed within plant and machinery)	5 years straight line
Right of use assets	over the life of the lease
Mould equipment (Disclosed within plant and machinery)	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income.

Assets under construction are not depreciated until brought into use.

##### 1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.8 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 1 Accounting policies (continued)

##### 1.8 Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.9 Inventories

Inventories are stated at the lower of cost and net realisable value after making due provision against obsolete and slow moving items. Cost is determined on a first in first out basis, and in the case of manufactured goods the term 'cost' includes raw materials, production wages and production overheads based on normal production activity levels at the balance sheet date. Net realisable value is the estimated selling price in the ordinary course of business and takes into account all estimated costs to completion and all costs to be incurred in marketing, selling and distribution directly related to the items in question. Provision is made for aged stock, stock wastage and quarantined stock.

##### 1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of comprehensive income for the reporting period in which it arises.



# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.11 Financial assets (continued)

###### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

###### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Estimated credit losses are recognised under the simplified model under IFRS 9 which permits lifetime losses to be recognised.

###### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### 1.12 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

###### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

1. it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
2. on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
3. it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.12 Financial liabilities (continued)

###### Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

###### Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

##### 1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 reporting end date.

###### Deferred tax

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 taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **1 Accounting policies (continued)**

##### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.17 Leases**

Under IFRS 16, leases are accounted for on the right of use model. At inception, the company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the company obtains substantially all the economic benefits from the use of that asset, and whether the company has the right to direct the use of the asset.

IFRS 16 permits lessees to elect not to apply the recognition requirements to short term leases and leases for which the underlying asset is of low value. The company has elected not to recognise short term leases of less than one year at inception and low value leases which will continue to be reflected in the Statement of Comprehensive Income. This will be the ongoing policy adopted by the company. There are no right of use assets or lease liabilities recognised for these leases, and the expense is recognised in the Statement of Comprehensive Income on a straight line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses an incremental borrowing rate which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset and are presented within property, plant and equipment.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in line with the company's existing impairment accounting policy.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

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#### 1 Accounting policies (continued)

##### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the period.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

##### 1.19 Carbon emissions allowances

The company has energy activities that are subject to the United Kingdom Emissions Trading System (UKETS) and is allocated carbon emissions allowances by the UK government. The Group is registered and compliant with the UKETS.

Where actual carbon emissions in the period are less than the allowances received (adjusted for allowances traded in the period), the unused allowances are recognised on the balance sheet at the lower of their original market value at the date of grant and their value at the balance sheet date and income to that value is recognised as government grants received. Where actual carbon emissions exceed the granted allowances in the period (adjusted for allowances traded in the period), a liability is recognised based on the fair value at the balance sheet date of the additional allowances required and is shown in the profit and loss account as an emissions expense. Sales during the period of allowances are recorded in the financial statements as carbon emissions traded.

##### 1.20 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

# **VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 7 NOVEMBER 2022**

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#### **2 Critical accounting estimates and judgements**

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

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

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### **Net realisable value of inventory**

The company calculates the finished goods glass valuation by applying a rolling average cost per goodware tonne to the inventory goodware tonnage. The time period for the production costs within the calculation is based upon the number of production periods required to produce the stock levels as at the date of the Statement of Financial Position. The added value elements of the finished goods stock are valued at cost where known, or by applying a rolling average monthly margin to the sales value. The time period is determined by the number of periods of production required to cover the stock level. There is an assumption that any stock that is present at the date of the Statement of Financial Position would have been produced in that time period. The stock valuations are then further adjusted by provisions for aged stock, stock wastage and quarantine stock to give the inventory cost. A degree of estimation is required in preparing these provisions and estimates.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 3 Revenue

	2022	2021
	£'000	£'000

##### Revenue analysed by class of business

All revenue is derived from the same class of business being sale of goods	145,345	137,646
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2022	2021
£'000	£'000

##### Other operating income

Grants received	-	68
Income relating to insurance claim	1,915	-
Rental income from fellow subsidiary	4,972	6,156
	6,887	6,224

2022	2021
£'000	£'000

##### Revenue analysed by geographical market

UK	130,525	125,640
Rest of Europe	13,421	11,079
Rest of the World	1,399	927
	145,345	137,646

#### 4 Operating profit

2022	2021
£'000	£'000

Operating profit for the period is stated after charging / (crediting):

Government grants (Furlough)	-	(68)
------------------------------	---	------

Depreciation of property, plant and equipment

Owned	5,648	5,536
Held under IFRS 16 leases	1,756	1,889

Operating lease rentals:

Plant and machinery	-	11
Cost of inventories recognised as an expense	11,141	4,903
Cost of inventories written off as an expense	4,513	1,752
Costs incurred relating to the Leeds fire	1,915	-

#### 5 Auditor's remuneration

2022	2021
£'000	£'000

Services provided to the company and its subsidiaries:

##### For audit services

Audit of the financial statements	42	36
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Fees paid to the company's auditor, Grant Thornton UK LLP, other than the statutory audit of the company are not disclosed in the company's financial statements since the consolidated financial statements of the company's parent, Tonic Midco Limited, are required to disclose non-audit fees on a consolidated basis.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number	2021 Number
Production	333	339
Sales and distribution	29	52
Administration	60	36
	<u>422</u>	<u>427</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	14,199	14,697
Social security costs	1,567	1,614
Other pension costs	1,271	979
	<u>17,037</u>	<u>17,290</u>

#### 7 Directors' remuneration

The directors received remuneration from fellow Group companies during the period and in the previous period and it is not practicable to ascertain the proportion of the director's emoluments that specifically relate to this company. Their remuneration is therefore disclosed in that company's financial statements.

	2022 £'000	2021 £'000
Remuneration for qualifying services	901	1,315
Company pension contributions to defined contribution schemes	57	61
	<u>958</u>	<u>1,376</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2021 - 7).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	192	342
Company pension contributions to defined contribution schemes	<u>14</u>	<u>14</u>

The above remuneration was accounted for and paid by a separate Group entity.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

<b>8</b>	<b>Investment income</b>		
		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Interest income</b>		
	Bank interest receivable	6	-
	Other non-cash finance income – Foreign exchange gain	129	-
		<u>135</u>	<u>-</u>
<b>9</b>	<b>Finance costs</b>		
		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest payable on bank working capital loans	1,610	1,161
	Other similar charges payable	120	130
	Other non-cash finance charges – Foreign exchange loss	-	70
		<u>1,730</u>	<u>1,361</u>
	<b>Interest on other financial liabilities:</b>		
	Interest on lease liabilities	434	483
		<u>2,164</u>	<u>1,844</u>
<b>10</b>	<b>Other gains and losses</b>		
		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
	Fair value (losses)/gains on foreign currency forward contracts	(81)	69
<b>11</b>	<b>Tax on profit</b>		
		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	57	1,895
	Adjustments in respect of prior periods	(182)	169
	<b>Total UK current tax</b>	<u>(125)</u>	<u>2,064</u>
	<b>Deferred tax</b>		
	Origination and reversal of temporary differences	3,249	1,754
	Changes in tax rates	1,026	1,149
	Adjustments in respect of prior periods	675	(128)
		<u>4,950</u>	<u>2,775</u>
	<b>Total tax charge</b>	<u>4,825</u>	<u>4,839</u>



# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 11 Tax on profit (continued)

The charge for the period can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2022 £'000	2021 £'000
Profit before taxation	22,384	22,600
Expected tax charge based on a corporation tax rate of 19.00%	4,253	4,294
Effect of expenses not deductible in determining taxable profit	118	32
Adjustments in respect of prior periods	495	41
Effect of super deduction	(1,067)	(677)
Effect of change in UK corporation tax rate	1,026	1,149
<b>Taxation charge for the period</b>	<b>4,825</b>	<b>4,839</b>

The UK corporation tax rate was 19% (2021: 19%) throughout the period.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are therefore measured at 25% (2021 - 25%).

#### 12 Intangible assets

	Goodwill £'000
<b>Cost or valuation and carrying amount</b>	
At 4 December 2021 and 7 November 2022	851

The goodwill was generated on 16 September 2000 from the purchase of the trade and assets of Gregg & Company (Knottingley) Limited and Lax & Shaw Limited.

Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value in use and the fair value less costs to sell the cash-generating unit ("CGU") to which it is allocated. The directors have concluded that the goodwill is not impaired given the consideration received for the sale of the Group to Verallia SA. In all impairment tests of goodwill performed in 2022, the recoverable amount was determined by reference to fair value less costs to sell. No impairment of goodwill was required for the company's single CGU in the period ended 7 November 2022.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 13 Property, plant and equipment

	Freehold buildings	Assets under construction	Plant and machinery	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 4 December 2021	10,172	12,068	107,989	13,436	143,665
Additions	6,714	585	20,762	727	28,788
Disposals	-	-	(14,944)	(324)	(15,268)
Transfers	-	(11,983)	11,983	-	-
At 7 November 2022	16,886	670	125,790	13,839	157,185
<b>Accumulated depreciation and impairment</b>					
At 4 December 2021	5,949	-	85,838	3,372	95,159
Charge for the period	243	-	5,405	1,756	7,404
Disposals	-	-	(14,739)	(324)	(15,063)
At 7 November 2022	6,192	-	76,504	4,804	87,500
<b>Carrying amount</b>					
At 7 November 2022	10,694	670	49,286	9,035	69,685
At 4 December 2021	4,223	12,068	22,151	10,064	48,506

Included within Freehold buildings is freehold land of £177k (2021: £177k) that is not depreciated.

Included in plant and machinery are assets which have been leased and have a net book value of £602k (2021: £687k). Depreciation charged in the period on those assets amounted to £85k (2021: £92k).

Included within right of use assets are land and buildings with a net book value of £7,308k (2021: £8,669k) and plant and machinery with a net book value of £1,728k (2021: £1,395k).

#### 14 Investments

	Non-current	
	2022	2021
	£'000	£'000
Investments in subsidiaries	904	904
<b>Movements in non-current investments</b>		
		Shares in Group undertakings £'000
<b>Cost and carrying amount</b>		
At 4 December 2021 and 7 November 2022		904

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 15 Subsidiaries

Details of the company's subsidiaries at 7 November 2022 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Alux Glass Limited	Dormant	Ordinary	50.00	-
Lax & Shaw Limited	Glassware	Ordinary	100.00	-
Gregg & Company (Knottingley) Limited	Dormant	Ordinary	100.00	-

The registered office of all subsidiary undertakings is 69 South Accommodation Road, Leeds, LS10 1NQ.

#### 16 Inventories

	2022 £'000	2021 £'000
Raw materials	8,556	7,638
Finished goods	19,693	20,936
	<u>28,249</u>	<u>28,574</u>

Inventories are stated after provisions for impairment of £625k (2021: £565k).

#### 17 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	27,757	18,803
Expected credit losses	(14)	(35)
	<u>27,743</u>	<u>18,768</u>
Other receivables	3,196	1,193
Amounts owed by fellow Group undertakings	650	91,322
Prepayments and accrued income	1,247	901
	<u>32,836</u>	<u>112,184</u>

Amounts owed by Group undertakings are repayable on demand and carry no interest charge or security. Prior to the period end balances with other Group undertakings were rationalised in anticipation of the sale of the business.

Trade receivables at the reporting date are shown net of provisions. Expected credit losses for the following 12 months have been estimated in accordance with IFRS 9, taking into account that there has been no significant increase in credit risk. Given the straightforward nature of the company's receivables, the directors consider that the company qualifies for Stage 1 impairment models which permits the simplified recognition of credit losses arising from default events that are possible within the next 12 months only.

Included within other receivables are amounts owed in relation to the insurance claim of £1,477k.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 18 Borrowings

	2022 £'000	2021 £'000
<b>Secured borrowings at amortised cost</b>		
Bank working capital facility	31,527	-

#### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £'000	2021 £'000
Current liabilities	31,527	-

The company is guarantor of the Group's £85.3m (2021: £70.0m) term loan.

The working capital facility expires in December 2026 with an interest rate of 3.85% plus the base rate. The borrowings were repaid post period end as part of the acquisition by Verallia.

The carrying amounts of the company's loans are denominated in pounds sterling. The fair value of current loans is equal to their book value, since the impact of the discount is not significant.

#### 19 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	22,480	24,828
Amounts owed to fellow Group undertakings	12,731	54,142
Accruals	9,220	7,592
	<u>44,431</u>	<u>86,562</u>

Amounts owed to Group undertakings are repayable on demand and carry no interest or security. Prior to the period end balances with other Group undertakings were rationalised in anticipation of the sale of the business.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 20 Lease liabilities

	2022	2021
	£'000	£'000
<b>Maturity analysis</b>		
Within one year	2,313	2,378
In two to five years	7,258	6,298
In over five years	1,104	3,439
Total undiscounted liabilities	10,675	12,115
Future finance charges and other adjustments	(1,113)	(1,375)
Lease liabilities in the financial statements	9,562	10,740

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£'000	£'000
Current liabilities	1,924	1,959
Non-current liabilities	7,638	8,781
	9,562	10,740

	2022	2021
	£'000	£'000

Amounts recognised in profit or loss include the following:

Interest on lease liabilities	434	483
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The financial lease liabilities are effectively guaranteed since the rights to the leased asset revert to the lessor in the event of default.

#### 21 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	Other short term timing differences	Gains	Total
	£'000	£'000	£'000	£'000
Deferred tax liability at 5 December 2020	2,022	(43)	31	2,010
<b>Deferred tax movements in prior period</b>				
Charge to profit or loss	2,790	(25)	10	2,775
Deferred tax liability at 4 December 2021	4,812	(68)	41	4,785
<b>Deferred tax movements in current period</b>				
Charge to profit or loss	4,954	(4)	-	4,950
Deferred tax liability at 7 November 2022	9,766	(72)	41	9,735

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 21 Deferred tax (continued)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £'000	2021 £'000
Deferred tax liabilities	9,807	4,853
Deferred tax assets	(72)	(68)
	<u>9,735</u>	<u>4,785</u>

#### 22 Retirement benefit schemes

##### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £1,271k (2020 - £979k).

#### 23 Called up share capital

	2022 £	2021 £
<b>Authorised</b>		
1,000 (2021: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>		
30 (2021: 28) Ordinary shares of £1 each	<u>30</u>	<u>28</u>

During the period, ordinary A shares were issued with nominal value of £1 each, for consideration of £24,444,578 and £12,182,668 respectively. This has resulted in £36,627,244 being recognised in share premium. Retained Earnings includes all current and prior period retained profits and losses.

#### 24 Share premium

	2022 £	2021 £
At the beginning of the period	37,126,429	37,126,429
Issue of new shares	36,627,244	-
Other movements	<u>(73,753,673)</u>	<u>-</u>
At the end of the period	<u>-</u>	<u>37,126,429</u>

During the period, following the above share issues there has been a reduction to the share premium of £73,753,673. The total amount has been credited to retained earnings.

#### 25 Capital commitments

The company has made commitments for capital expenditure of £4,520k (2021: £5,040k) for which no provision has been made in these financial statements.

# VERALLIA UK LIMITED (FORMERLY ALLIED GLASS CONTAINERS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 7 NOVEMBER 2022

#### 26 Commodity commitments

The company makes contractual commitments to purchase certain commodities. These contracts are for own use and are not traded. The total future commitments as at the balance sheet date are as follows:

	2022 £'000	2021 £'000
Within one year	14,553	9,833
Between two and five years	8,652	13,238
	<u>23,205</u>	<u>23,071</u>

#### 27 Operating lease commitments

Total commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2022 £'000	2021 £'000
Within one year	2	2
	<u>2</u>	<u>2</u>

#### 28 Controlling party

The immediate holding company is Allied Glass Holdings Limited, which is incorporated and registered in the United Kingdom.

Tonic Topco Limited, a company registered in Jersey, is the ultimate holding company. Sun European Partners LLP is considered to be the ultimate controlling party as at 7 November 2022.

Tonic Midco Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 7 November 2022. The consolidated financial statements of Tonic Midco Limited are available from Companies House.

#### 29 Post balance sheet events

Subsequent to the period end, on 8 November 2022, Tonic Topco Limited was acquired by Verallia Holding UK Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Verallia SA, a company incorporated and registered in France, therefore as at the date of signing these accounts Verallia SA is considered to be the ultimate controlling party. Further to this, on 21 November 2022, as part of the post-acquisition restructuring of the Group the company was purchased by Verallia Holding UK Limited for consideration of £86.3m.

In respect of the ongoing insurance claim we continue to engage with insurers in order to reach a full and final settlement of our claim that resulted from the fire at our Leeds plant in September 2022. Further instalment payments have been received against costs incurred post period end.