

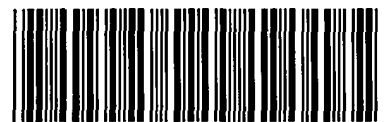
HAVI Global Solutions Europe Limited
(Registered number: 05319761)

Annual report and financial statements

For the year ended 31 December 2018



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HAVI Global Solutions Europe Limited

(Registered number: 05319761)

Annual report and financial statements

31 December 2018

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HAVI Global Solutions Europe Limited

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DIRECTORS AND ADVISERS

DIRECTORS

Keith Damarell
Douglas Moody-Stuart

REGISTERED OFFICE

One Fleet Place
London
EC4M 7WS

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

SOLICITORS

Dentons UKMEA LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1FE

TAX ADVISOR

KPMG LLP
15 Canada Square
London
E14 5GL

KPMG AG
Tersteegenstr. 19-31
40474 Düsseldorf

HAVI Global Solutions Europe Limited

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Strategic report for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Principal activities

HAVI Global solutions Europe Limited is a service business that administer and monitors the packaging needs of the McDonald's Group in Europe and other customers. The Company's sales are substantially with the European McDonald's group, its licensees, or its distributors.

Business review

The level of business was as expected in 2018, while the turnover increased. Operating profit and operating profit margin increased compared to the prior year due to higher revenues and slight cost reduction of operating expenses.

Key performance indicators

- Turnover of €10,290,702 (2017: €9,971,833)
- Operating profit of €1,080,106 (2017: €578,896)
- Operating profit margin of 10.5% (2017: 5.8%)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to employee retention and the fact that the Company's sales are substantially with the European McDonald's group, its licensees, or its distributors.

Employee retention

Company policy is to remunerate its personnel in line with market rates and practice. In addition to competitive salaries, annual bonus schemes and other benefits are offered. Succession planning is considered regularly by management. The Company is able to offer employees appropriate training and opportunities for advancement and has a demonstrable track record of internal promotion.


Relationships with McDonald's

The importance of relationships with McDonald's is recognised and managed by the directors and senior personnel who have direct and regular access to their counterparts at McDonald's and ensure that an excellent level of customer service is maintained.

Future outlook

Based on the latest forecast, the management expects flat turnover as well as operating profit for the financial year 2019 driven by local operating conditions. Based on the latest forecast profit on ordinary activities before taxation should remain constant for the year ending 31 December 2019.

On behalf of the Board



Douglas Moody-Stuart
Director

2019

30 Sept

HAVI Global Solutions Europe Limited

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Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

Future developments

Future developments are discussed in the strategic report and included in the report by cross reference.

Results and dividends

The profit for the year amounted to €867,436 (2017: €455,571). No dividend was declared during the year (2017: €941,118).

Financial risk management

The objectives of the Company are to manage the Company's financial risk, secure cost effective funding for the Company's operations and to minimise the adverse effects of fluctuations in the financial markets on the Company's financial assets and liabilities, on reported profitability and on the cash flows of the Company.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate cash flow risk, credit risk, and foreign exchange risk. The Board of Directors reviews and agrees policies for managing these risks as summarised below.

Liquidity risk

The Company finances its operations through a mixture of retained profits, working capital and balances with HAVI Group LP group companies that are designed to ensure the Company has sufficient available funds for operations and future growth.

Interest rate cash flow risk

The Company's interest bearing assets include cash balances and short term loans from HAVI Group LP group companies. The Company has a policy of maintaining debt at variable rates. The Company will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Credit risk

Credit risk mainly arises from deposits with banks, outstanding receivables from customers and any committed transactions. For banks, only independently rated parties with a minimum rating of 'A' are accepted. The credit quality of the customer is assessed taking into account its financial position, past experience and other factors. We also select insurers with good credit ratings. The amount of exposure to any individual counterparty is reviewed regularly by management.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to Sterling. Foreign exchange risk arises from future commercial transactions and recognised assets or liabilities that are denominated in a currency that is not the Company's functional currency. Mitigation is achieved by sourcing goods and services in the same currency as the exposure. The Company does not use derivatives to manage its foreign exchange exposure.

Directors

The directors of the Company who held office during the year and up to the date of signing these financial statements unless otherwise stated are given below:

Keith Damarell
Douglas Moody-Stuart

HAVI Global Solutions Europe Limited

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Directors' report for the year ended 31 December 2018 (continued)

Principal risks and uncertainties facing the business

Details of the principal risks and uncertainties facing the business can be found in the Strategic Report on page 3.

Future Outlook

Details of the Company's future outlook can be found in the Strategic Report on page 3.

Political contributions

The Company made no political donations during the year (2017: £nil).

Charitable contributions

The Company made no charitable donations during the year (2017: £nil)

Employees

The Company informs their employees quarterly during staff meetings on current activities and future plans as well as on the financial success of the Company.

Individual targets are agreed with each employee and achievements reviewed on a regular basis.

Branches

The Company has branches in Paris and Munich.

Directors' indemnities

The Directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of 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 each are aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board


Douglas Moody-Stuart
Director

30 Sept 2019

HAVI Global Solutions Europe Limited

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Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the strategic report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

HAVI Global Solutions Europe Limited
(Registered number: 05319761)
Annual report and financial statements
31 December 2018

Independent auditors' report to the members of HAVI Global Solutions Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, HAVI Global Solutions Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

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Annual report and financial statements
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Independent auditors' report to the members of HAVI Global Solutions Europe Limited (continued)

Reporting on other information (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

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Independent auditors' report to the members of HAVI Global Solutions Europe Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Brenda Heenan

Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

30 September 2019

HAVI Global Solutions Europe Limited

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Profit and loss account

	<i>Note</i>	Year ended 31 December 2018 €	Year ended 31 December 2017 €
Turnover	2	10,290,702	9,971,833
Cost of Sales		(236,839)	(250,166)
Gross profit		10,053,863	9,721,667
Administrative expenses		(8,973,757)	(9,142,771)
Operating profit	3	1,080,106	578,896
Profit before taxation		1,080,106	578,896
Tax on profit	5	(212,670)	(123,325)
Profit for the financial year		867,436	455,571

All activities are derived wholly from continuing operations.

There were no other items of comprehensive income in either year other than those shown above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 13 to 25 are an integral part of these financial statements.

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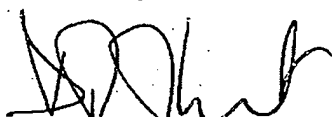
Annual report and financial statements

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Balance sheet

	Note	2018 €	2017 €
Fixed Assets			
Intangible assets	6		8
Tangible assets	7	132,706	161,435
		132,706	161,443
Current assets			
Debtors	8	3,802,267	1,866,207
Cash at bank and in hand		833,763	2,369,973
		4,636,030	4,236,180
Creditors – amounts falling due within one year	9	(3,164,473)	(3,660,796)
Net current assets		1,471,557	575,384
Total assets less current liabilities		1,604,263	736,827
Net assets		1,604,263	736,827
Capital and reserves			
Called up share capital	11	1,470	1,470
Profit and loss account		1,602,793	735,357
Total Shareholders' funds		1,604,263	736,827

The financial statements on pages 10 to 25 were approved by the Board of Directors on 30 Sept 2019 and signed on its behalf by:



Douglas Moody-Stuart
Director

Company registered number: 05319761

HAVI Global Solutions Europe Limited

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Statement of changes in equity

	<i>Note</i>	Called-up share capital	Profit and Loss Account	Total Shareholders' Fund
		€	€	€
Balance as at 1 January 2017	11	1,470	1,220,904	1,222,374
Profit for the year		-	455,571	455,571
Dividends	15	-	(941,118)	(941,118)
Balance as at 31 December 2017		1,470	735,357	736,827
Balance as at 1 January 2018	11	1,470	735,357	736,827
Profit for the year		-	867,436	867,436
Dividends	15	-	-	-
Balance as at 31 December 2018		1,470	1,602,793	1,604,263

HAVI Global Solutions Europe Limited

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Annual report and financial statements

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Notes to the financial statements (continued)

HAVI Global Solutions Europe Limited ("the Company") is a private company limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered number is 05319761 and the registered address is One Fleet Place, London, EC4M 7WS.

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

The Company's ultimate parent undertaking, HAVI Global Solutions Europe GmbH, includes the Company in its consolidated financial statements. The Consolidated financial statements of HAVI Global Solutions Europe GmbH are available to the public and may be obtained from Geitlingstrasse 20, 47228 Duisburg, Germany. In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

As the consolidated financial statements of HAVI Global Solutions Europe GmbH include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimate with a significant risk of material adjustment in the next year are discussed in note 16.

1.1 Change in accounting policy

In these financial statements the Company has not changed its accounting policies nor have there been any prior year adjustments.

1.2 Measurement convention

These financial statements are prepared on the historical cost basis, as modified by the recognition of certain financial assets and liabilities measured at fair value through profit and loss. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.3 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.4 Foreign currency

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

1.5 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

Contributions to the pension plan are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Any difference between contributions payable and contributions paid are included as either a prepayment or an accrual in the balance sheet.

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Annual report and financial statements

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.8 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, [associates, branch, joint ventures] to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.9 Intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	33.3%
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1.10 Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Straight line annual rates of depreciation most widely used are:

Office equipment	20.0 %
Computer equipment	20.0 - 33.3 %

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Notes to the financial statements (continued)

1. Accounting Policies (continued)

1.11 Expenses

Operating lease

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

Interest receivable and Interest Payable

Interest payable and similar charges include interest payable, finance charges and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

1.12 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are paid or are approved by the Company's shareholders. These amounts are recognised in the statement of changes of equity.

1.13 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation.

Thereafter any excess is recognised in profit or loss. If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

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Annual report and financial statements

31 December 2018

Notes to the financial statements (continued)

1. Accounting Policies (continued)

1.14 Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

1.15 Share capital

Ordinary shares are classified as equity.

HAVI Global Solutions Europe Limited

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Notes to the financial statements (continued)

1. Accounting Policies (continued)

1.16 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

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Notes to the financial statements (continued)

1. Accounting Policies (continued)

1.16 Financial instruments (continued)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Turnover

The Company provides services in the packaging and procurement business. All turnover originates in the UK. Turnover for services by destination is as follows:

	Year ended 31 December 2018 €	Year ended 31 December 2017 €
UK	1,827,737	1,523,117
Germany	1,139,122	3,254,704
France	1,177,653	1,080,574
Russia	469,101	527,393
Austria	347,104	335,930
Other	5,329,985	3,250,115
	10,290,702	9,971,833

3. Operating profit

	Year ended 31 December 2018 €	Year ended 31 December 2017 €
Operating profit is stated after charging:		
Loss on disposal of tangible fixed assets	-	37,649
Amortisation of intangible assets	8	-
Depreciation of fixed assets	70,784	90,542
Operating leases	295,560	234,574
Auditors' remuneration:		
Audit of these financial statements	30,000	30,000

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4. Staff numbers and costs

The average monthly number of persons (excluding directors) during the year analysed by category, was as follows:

	Number of Employees	
	2018	2017
Administration	2	4
Sales and distribution	46	45
	48	49

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2018 €	Year ended 31 December 2017 €
Wages and salaries	4,257,904	3,968,216
Social security costs	879,894	676,308
Other pension costs	213,463	189,862
	5,351,261	4,834,386

	Year ended 31 December 2018 €	Year ended 31 December 2017 €
Aggregate directors' emoluments	231,040	177,110
Contributions to money purchase scheme	20,516	-
Total emoluments of highest paid director	153,741	112,659

Directors' emoluments for two directors are paid by the Company. Both directors (2017: both) have accrued benefits under the Company's defined contribution scheme, and in 2018 the Company paid contributions of €46,498 (2017: €39,666) for the directors.

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5. Tax on profit

Tax expense included in profit or loss

	Year ended 31 December 2018 €	Year ended 31 December 2017 €
Analysis of tax charge for the year		
Current tax		
UK corporation tax on profit for the year	250,924	130,062
Adjustments in respect of previous years	(42,732)	5,028
Double taxation relief	(37,304)	-
Overseas tax	65,155	-
Adjustments in respect of prior periods (foreign tax)	6,586	-
Total current tax	242,629	135,090
Deferred tax		
Origination and reversal of timing differences	(39,634)	(5,934)
Adjustment in respect of prior periods	9,675	(5,831)
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	-	-
Impact of change in tax rate	-	-
Total deferred tax (see note 10)	(29,959)	(11,765)
Tax on profit	212,670	123,325

Factors affecting tax charge for the year

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK applicable to the Company of 19% (2017: 19.25%). The differences are explained below:

	Year ended 31 December 2018 €	Year ended 31 December 2017 €
Profit before taxation	1,080,106	578,896
Profit before taxation multiplied by the relevant standard rate of corporation tax in the UK at 19% (2017: 19.25%)	205,220	111,438
Expenses not deductible for tax purposes	1,408	14,183
Adjustments in respect of prior years – deferred tax	9,675	(5,831)
Adjustments to tax charge in respect of previous periods	(36,146)	5,028
Adjust closing deferred tax to average rate of 19% / 20%	8,529	5,621
Adjust opening deferred tax to average rate of 19% / 20%	(3,866)	(4,837)
Foreign tax credits not used	27,850	-
Spot rate differences	-	(20)
Exchange difference arising on movement between opening and closing spot rates	-	(2,257)
Total tax charge	212,670	123,325

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5. Tax on profit (continued)

Factors affecting the tax rate changes

A reduction in the UK corporation to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

6. Intangible assets

	Computer Software €	Total €
Cost		
At 1 January 2018	39,184	39,184
At 31 December 2018	39,184	39,184
Amortisation and impairment		
At 1 January 2018	39,176	39,176
Charge for the year	8	8
At 31 December 2018	39,184	39,184
Net Book Amount		
At 31 December 2018	0	0
At 31 December 2017	8	8

7. Tangible assets

	Computer equipment €	Office equipment €	Total €
Cost			
At 1 January 2018	430,541	422,482	853,023
Additions	26,908	15,147	42,055
At 31 December 2018	457,449	437,629	895,078
Accumulated Depreciation			
At 1 January 2018	303,538	388,050	691,588
Charge for the year	63,408	7,376	70,784
At 31 December 2018	366,946	395,426	762,372
Net Book Amount			
At 31 December 2018	90,503	42,203	132,706
At 31 December 2017	127,003	34,432	161,435

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8. Debtors

	2018 €	2017 €
Trade debtors	775,198	439,664
Amounts owed by group undertakings	2,656,947	820,037
Other debtors	156,907	355,728
Deferred tax asset (note 10)	72,497	42,538
Prepayments and accrued income	140,718	208,240
	3,802,267	1,866,207

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

9. Creditors: amounts falling due within one year

	2018 €	2017 €
Trade creditors	204,427	32,211
Amounts owed to group undertakings	970,395	711,002
Corporation tax	144,805	312,158
Other taxation and social security	213,599	523,839
Other creditors	23,908	8,062
Accruals and deferred income	1,607,339	2,073,524
	3,164,473	3,660,796

All amounts due to group undertakings are interest free, unsecured and repayable on demand.

10. Deferred taxation

	2018 €	2017 €
At 1 January	42,538	30,773
(Charge)/ Credit for the year	29,959	11,765
At 31 December	72,497	42,538

The deferred tax asset is made up as follows:

	2018 €	2017 €
Capital allowances less than depreciation	18,086	17,020
Short term timing differences	54,411	25,518
	72,497	42,538

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

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11. Called up share capital

	2018 €	2017 €
Authorised		
1,000 (2017: 1,000) ordinary shares of £1 each	1,470	1,470
Allotted and fully paid		
1,000 (2017: 1,000) ordinary shares of £1 each	1,470	1,470

12. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 €	2017 €
Not later than one year	14,768	15,672
Later than one year and not later than five years	280,792	218,902
	295,560	234,574

13. Related party transactions

During the year ended 31 December 2018, the Company purchased management services for €734,458 (2017: €1,119,268) from fellow subsidiaries of the ultimate parent company, HAVI Group LP, which are not part of the HAVI Global Solutions Europe GmbH group. The payable outstanding as at 31 December 2018 was €86,207 (2017: €719,560).

During the year ended 31 December 2018, the Company made sales of €6,260,137 (2017: €5,657,172) to fellow subsidiaries of the ultimate parent company, HAVI Group LP, which are not part of the HAVI Global Solutions Europe GmbH group. The receivable outstanding as at 31 December 2018 was €445,583 (2017: €826,236).

14. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to €213,463 (2017: €189,862) for the year. There were no amounts receivable or payable at the year-end.

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15. Equity dividend

	2018 €	2017 €
Final dividends €nil paid (2017: €941) per £1 share	-	941,118

16. Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking, which is also the parent undertaking of the smallest group to consolidate these financial statements is HAVI Global Solutions Europe GmbH. Copies of HAVI Global Solutions Europe GmbH's consolidated financial statements can be obtained from Geitlingstrasse 20, 47228 Duisburg, Germany.

The ultimate parent undertaking, which prepares group financial statements for the largest group of undertakings of which the Company is a member, is HAVI Group LP, incorporated in the United States. HAVI Group LP does not publish its consolidated financial statements.

On 1 January 2015 ultimate control was passed from Theodore F. Perlman to Russell P. Smyth and the Directors regard Russell P. Smyth as the ultimate controlling party through his controlling interest in HAVI Group LP.