

**HAVI Global Solutions Europe Limited**  
**(Registered number: 05319761)**

**Annual report and financial statements**

**For the year ended 31 December 2017**

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# **HAVI Global Solutions Europe Limited**

(Registered number: 05319761)

**Annual report and financial statements**

**31 December 2017**

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## **HAVI Global Solutions Europe Limited**

(Registered number: 05319761)

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### **DIRECTORS AND ADVISERS**

#### **DIRECTORS**

Keith Damarell

Douglas Moody-Stuart

#### **REGISTERED OFFICE**

One Fleet Place

London

EC4M 7WS

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#### **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 2017**

The directors present their strategic report on the Company for the year ended 31 December 2017.

#### **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 satisfactory in 2017. While the turnover increased, operating profit and operating profit margin decreased compared to the prior year due to an increase of employees and shared service expenses.

#### **Key performance indicators**

- Turnover of €9,971,833 (2016: €8,212,785)
- Operating profit of €578,896 (2016: €1,152,023)
- Operating profit margin of 5.8% (2016: 14.0%)

#### **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.

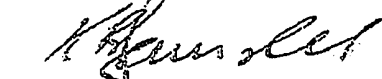
##### *Relationships with McDonald's*

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 2018 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 2018

On behalf of the Board



Keith Damarell

Director

January 2019

## **HAVI Global Solutions Europe Limited**

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### **Directors' report for the year ended 31 December 2017**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

#### **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 €455,571 (2016: €941,118). A dividend of €941,118 was paid to HAVI Global Solution Europe GmbH in 2017.

#### **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.

## **HAVI Global Solutions Europe Limited**

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### **Directors' report for the year ended 31 December 2017 (continued)**

#### **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

#### **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 donation during the year (2016: £nil).

#### **Charitable contributions**

The Company made no charitable donations during the year (2016: £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.

#### **Statement of disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is 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

Keith Damarell

Director

January 2019

## **HAVI Global Solutions Europe Limited**

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### **Statement of directors' responsibilities in respect of the annual report and 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 the directors have prepared 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*, and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 reasonable open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **HAVI Global Solutions Europe Limited**

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## ***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 2017 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 2017; the profit and loss account for the year ended 31 December 2017, the statement of changes in equity; 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

#### **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. 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 for the year ended 31 December 2017, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.



## **HAVI Global Solutions Europe Limited**

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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 2017 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 for the year ended 31 December 2017.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities 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](http://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.

## **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.



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

9 January 2019

**HAVI Global Solutions Europe Limited**

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**Profit and loss account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	Note	Year ended 31 December 2017 €	Year ended 31 December 2016 €
Turnover	2	9,971,833	8,212,785
Cost of Sales		(250,166)	(528,964)
Gross profit		9,721,667	7,683,821
Administrative expenses		(9,142,771)	(6,531,798)
Operating profit	3	578,896	1,152,023
Interest receivable and similar income	5	-	844
Interest payable and similar charges	6	-	(5,278)
Profit on before taxation		578,896	1,149,589
Tax on profit on ordinary activities	7	(123,325)	(208,471)
Profit for the financial year		455,571	941,118

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 12 to 25 are an integral part of these financial statements.

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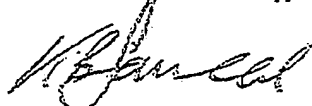
### Balance sheet

as at 31 December 2017

	Note	2017 €	2016 €
<b>Fixed Assets</b>			
Tangible assets	8	161,435	222,549
Intangible assets	9	8	8
		161,443	222,557
<b>Current assets</b>			
Debtors	10	1,866,207	2,350,825
Cash at bank and in hand		2,369,973	1,726,417
		4,236,180	4,077,242
<b>Creditors – amounts falling due within one year</b>	11	(3,660,796)	(3,077,425)
<b>Net current assets</b>		575,384	999,817
<b>Total assets less current liabilities</b>		736,827	1,222,374
<b>Net assets</b>		736,827	1,222,374
<b>Capital and reserves</b>			
Called up share capital	13	1,470	1,470
Profit and loss account		735,357	1,220,904
<b>Total Shareholders' funds</b>		736,827	1,222,374

The financial statements were approved by the Board of Directors on

January 2019 and signed on its behalf by:



Keith Damarell

Director

Company registered number: 05319761

**HAVI Global Solutions Europe Limited**  
 (Registered number: 05319761)  
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**Statement of changes in equity**

	<i>Note</i>	<b>Called-up share capital</b>	<b>Profit and Loss Account</b>	<b>Total Shareholders' Fund</b>
		€	€	€
Balance as at 1 January 2016.	13	1,470	279,786	281,256
Profit for the year		-	941,118	941,118
Dividends	17	-	-	-
<b>Balance as at 31 December 2016</b>		<b>1,470</b>	<b>1,220,904</b>	<b>1,222,374</b>
Balance as at 1 January 2017	13	1,470	1,220,904	1,222,374
Profit for the year		-	455,571	455,571
Dividends	17	-	(941,118)	(941,118)
<b>Balance as at 31 December 2017</b>		<b>1,470</b>	<b>735,357</b>	<b>736,827</b>

## **HAVI Global Solutions Europe Limited**

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### **Notes to the financial statements**

#### **1. Accounting Policies**

HAVI Global Solutions Europe Limited "the Company" is a private company limited by shares and incorporated and domiciled 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable* in the UK and Republic of Ireland ("FRS 102"). 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 Schifferstrasse 166, 47059 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 equivalent disclosures, the Company has also taken the exemptions under FRS 102 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 18.

##### **1.1 Change in accounting policy**

In these financial statements the Company has not changed its accounting policies nor has 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.

## **HAVI Global Solutions Europe Limited**

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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 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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### **Notes to the financial statements (continued)**

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

##### **1.7 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.

## **HAVI Global Solutions Europe Limited**

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### **Notes to the financial statements (continued)**

#### **1. Accounting Policies (continued)**

##### **1.8 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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##### **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 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.

##### **1.11 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.



## **HAVI Global Solutions Europe Limited**

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### **Notes to the financial statements (continued)**

#### **1. Accounting Policies (continued)**

##### **1.12 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.

##### **1.13 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.

##### **1.14 Share capital**

Ordinary shares are classified as equity.

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### **Notes to the financial statements (continued)**

#### **I. Accounting Policies (continued)**

##### **1.15 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 2017 €	Year ended 31 December 2016 €
UK	1,523,117	1,855,418
Germany	3,254,704	1,480,384
France	1,080,574	1,179,893
Russia	527,393	432,202
Austria	335,930	413,706
Other	3,250,115	2,851,182
	<b>9,971,833</b>	<b>8,212,785</b>

#### 3. Operating profit

	Year ended 31 December 2017 €	Year ended 31 December 2016 €
Operating profit is stated after charging:		
Loss on disposal of tangible fixed assets	37,649	4,204
Foreign exchange loss	-	18,987
Depreciation of fixed assets	90,542	132,358
Operating leases	234,574	296,592
Auditor's remuneration:		
Audit of these financial statements	30,000	29,250

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### Notes to the financial statements (continued)

#### 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	
	2017	2016
Administration	4	4
Sales and distribution	45	36
	<u>49</u>	<u>40</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2017 €	Year ended 31 December 2016 €
Wages and salaries	3,968,216	3,808,642
Social security costs	676,308	683,959
Other pension costs	189,862	187,764
	<u>4,834,386</u>	<u>4,680,365</u>

	Year ended 31 December 2017 €	Year ended 31 December 2016 €
Aggregate directors' emoluments	177,110	535,252
Total emoluments of highest paid director	<u>112,659</u>	<u>268,005</u>

Directors' emoluments for two directors are paid by the Company. Emoluments (including pension) for the other director are paid by the parent company, HAVI Global Solutions Europe GmbH and the portion relating to his UK services recharged at cost to the Company as part of a management charge. One director (2016: one) has accrued benefits under the Company's defined contribution scheme, and in 2017 the Company paid contributions of €39,666 (2016: €24,869) for this director. One (2016: one) of the directors who is employed by the parent company has accrued benefits under the HAVI Global Solutions Europe GmbH defined benefit scheme. The entirety of this pension benefit is payable by HAVI Global Solutions Europe GmbH and as stated above is included in the management charge. The highest paid director is not a member of any group or company pension scheme.

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### **Notes to the financial statements (continued)**

#### **5. Interest receivable and similar income**

	<b>Year ended 31 December 2017 €</b>	<b>Year ended 31 December 2016 €</b>
Other interest	-	844
	-	844

#### **6. Interest payable and similar expenses**

	<b>Year ended 31 December 2017 €</b>	<b>Year ended 31 December 2016 €</b>
Interest payable to group undertakings	-	1.305
Other interest	-	1.973
	-	3.278

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## **Notes to the financial statements (continued)**

### **7. Tax on profit**

Tax expense included in profit or loss

	Year ended 31 December 2017 €	Year ended 31 December 2016 €
Analysis of tax charge for the year		
<b>Current tax</b>		
UK corporation tax on profit for the year	130,062	235,135
Adjustments in respect of previous years	5,028	(11,419)
Double tax relief	-	-
Overseas tax	-	(6,746)
<b>Total current tax</b>	<b>135,090</b>	<b>216,970</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,934)	269
Adjustment in respect of prior periods	(5,831)	(10,594)
Impact of change in tax rate	-	1,826
<b>Total deferred tax (see note 12)</b>	<b>(11,765)</b>	<b>(8,499)</b>
<b>Tax on profit on ordinary activities</b>	<b>123,325</b>	<b>208,471</b>

### **Factors affecting tax charge for the year**

The tax assessed for the year is higher (2016: lower) than the standard rate of corporation tax in the UK applicable to the Company of 19.25% (2016: 20%). The differences are explained below:

	Year ended 31 December 2017 €	Year ended 31 December 2016 €
Profit before taxation	578,896	1,149,589
Profit before taxation multiplied by the relevant standard rate of corporation tax in the UK at 19.25% (2016: 20%)	111,418	229,918
Fixed asset differences	-	-
Expenses not deductible for tax purposes	14,183	6,023
Foreign tax credits	-	(5,397)
Adjustments in respect of prior years – deferred tax	(5,831)	(10,594)
Adjustments to tax charge in respect of previous periods	5,028	(12,595)
Adjust closing deferred tax to average rate of 20%	5,621	5,430
Adjust opening deferred tax to average rate of 20%	(4,837)	(3,652)
Exchange difference arising on movement between opening and closing spot rates	(2,257)	(662)
<b>Total tax charge</b>	<b>123,325</b>	<b>208,471</b>

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### Notes to the financial statements (continued)

#### 8. Tax on profit (continued)

##### Factors affecting the tax rate changes

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reduction to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively 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.

#### 8. Tangible assets

	Computer equipment €	Office equipment €	Total €
<b>Cost</b>			
At 1 January 2017	401,113	422,482	823,595
Additions	29,428	-	29,428
<b>At 31 December 2017</b>	<b>430,541</b>	<b>422,482</b>	<b>853,023</b>
<b>Accumulated Depreciation</b>			
At 1 January 2017	239,326	361,720	601,046
Charge for the year	64,212	26,330	90,542
<b>At 31 December 2017</b>	<b>303,538</b>	<b>388,050</b>	<b>691,588</b>
<b>Net Book Amount</b>			
At 31 December 2017	127,003	34,432	161,435
At 31 December 2016	161,787	60,762	222,549

#### 9. Intangible assets

	Computer Software €	Total €
<b>Cost</b>		
At 1 January 2017	39,184	39,184
Additions	-	-
Disposals	-	-
<b>At 31 December 2017</b>	<b>39,184</b>	<b>39,184</b>
<b>Amortisation and impairment</b>		
At 1 January 2017	39,176	39,176
Charge for the year	-	-
<b>At 31 December 2017</b>	<b>39,176</b>	<b>39,176</b>
<b>Net Book Amount</b>		
At 31 December 2017	8	8
At 31 December 2016	8	8

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### Notes to the financial statements (continued)

#### 10. Debtors

	2017 €	2016 €
Trade debtors	439,664	765,272
Amounts owed by group undertakings	820,037	879,514
Other debtors	355,728	544,373
Deferred tax asset (note 12)	42,538	30,773
Prepayments and accrued income	208,240	130,893
	<u>1,866,207</u>	<u>2,350,825</u>

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

#### 11. Creditors - Amounts falling due within one year

	2017 €	2016 €
Trade creditors	32,211	109,058
Amounts owed to group undertakings	711,002	40,266
Corporation tax	312,158	227,020
Other taxation and social security	523,839	116,441
Other creditors	8,062	235,781
Accruals and deferred income	2,073,524	2,348,859
	<u>3,660,796</u>	<u>3,077,425</u>

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

#### 12. Deferred taxation

	2017 €	2016 €
At 1 January	30,773	22,274
(Charge)/ Credit for the year	11,765	8,499
<u>At 31 December</u>	<u>42,538</u>	<u>30,773</u>

The deferred tax asset is made up as follows:

	2017 €	2016 €
Capital allowances less than depreciation	17,020	11,085
Short term timing differences	25,518	19,688
	<u>42,538</u>	<u>30,773</u>

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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### Notes to the financial statements (continued)

#### 13. Called up share capital

	2017 €	2016 €
<b>Authorised</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	1,470	1,470
<b>Allotted and fully paid</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	1,470	1,470

The Company was incorporated on 22 December 2004 with an authorised share capital of £1,000 made up of 1,000 ordinary shares of £1 each. On 22 December 2004, 1,000 ordinary shares were issued for cash of £1,000. The share capital was converted to Euros at the rate of €1.47/£1 on 22 December 2004.

#### 14. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 €	2016 €
Not later than one year	15,672	321,451
Later than one year and not later than five years	218,902	1,537,012
Later than five years	-	76,218
	234,574	1,934,681

#### 15. Related party transactions

During the year ended 31 December 2017, the Company purchased management services for €1,119,268 (2016: €97,122) 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 2017 was €719,560 (2016: €10,470).

During the year ended 31 December 2017, the Company made sales of €5,657,172 (2016: €5,750,270) 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 2017 was €826,236 (2016: €20,447).

#### 16. 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 €191,943 (2016: €187,764) for the year. There were no amounts receivable or payable at the year-end.

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### **Notes to the financial statements (continued)**

#### **17. Equity dividend**

	2017 €	2016 €
Final dividends paid in respect of 2017 (2016: €Nil) per £1 share	<b>941.118</b>	-

#### **18. Accounting estimates and judgements**

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

#### **19. 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 Schifferstrasse 166, 47059 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.