

**Mondi Services (UK) Limited**

**Annual report and financial statements  
for the year ended 31 December 2020**

Registered number: 06003425



# **Mondi Services (UK) Limited**

## **Annual report and financial statements**

For the year ended 31 December 2020

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12

# **Mondi Services (UK) Limited**

## **Annual report and financial statements**

For the year ended 31 December 2020

### **Officers and professional advisers**

#### **Directors**

J L Hampshire  
A C W King  
J C Paterson  
M A McHugh  
M A Powell

#### **Company secretary**

J L Hampshire

#### **Registered office**

Building 1, 1<sup>st</sup> Floor  
Aviator Park  
Station Road  
Addlestone  
Surrey, KT15 2PG

#### **Bankers**

Deutsche Bank AG  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
United Kingdom  
WC2N 6RH

## **Mondi Services (UK) Limited**

### **Annual report and financial statements**

For the year ended 31 December 2020

### **Strategic report**

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

#### **Review of the business**

Mondi Services (UK) Limited (“the Company”) provides services and facilities to the Mondi Group (“the Group”) and more specifically Mondi plc. The directors have the present intention of maintaining its business in the current form and believe the Company’s future prospects to be satisfactory. As the Company provides services and recharges all costs to Mondi plc, the Company’s directors believe that further key performance indicators of the Company are neither necessary nor appropriate for an understanding of the development, performance or position of the business.

The loss for the financial year after tax was £23,209 (2019: loss of £37,546). The directors do not recommend the payment of a dividend for the year (2019: nil).

#### **Section 172 statement**

This section of the strategic report describes how the directors have had regard to the matters set out in Section 172 (1) of the Companies Act 2006 (“s172”) when performing their duty to promote the success of the Company for the benefit of its shareholders. As the Company is a wholly-owned subsidiary of the Group, its parent company and other members of the Group are key stakeholders of the Company. Accordingly, the interests of the Group have been taken into account by the directors and decisions have been made in agreement with the Board of Mondi plc.

The Company does not have any employees.

For more information on the Group, please see the s172 statement on pages 40-43 of the Group’s Integrated report 2020, which does not form part of this report but provides details of the consideration given to stakeholders by the Group.

#### **Risk management**

The directors considered the risks attached to the Company’s financial instruments, which principally comprise trade and other receivables, trade and other payables and loans to and from other group companies. The Company’s exposure to interest rate risk, currency risk, credit risk and liquidity risk is not material for the assessment of assets, liabilities and the financial statements. For more information on the Group, please see the principal risks and risk management on pages 74-85 of the Group’s Integrated report 2020, which does not form part of this report but provides details of the consideration given to stakeholders by the Group.

#### **Future development**

The directors have the present intention of maintaining its business in the current form and believe the Company’s future prospects to be satisfactory.

Approved by the Board of Directors on 18 May 2021 and signed on behalf of the Board by:



J C Paterson  
Director

## **Mondi Services (UK) Limited**

### **Annual report and financial statements**

For the year ended 31 December 2020

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

#### **Directors**

The directors, who held office during the year and to the date of this report, were as follows:

J L Hampshire  
A C W King  
J C Paterson  
M A McHugh  
M A Powell (appointed 01 December 2020)

#### **Directors' indemnities**

The Company, via its ultimate holding company (Mondi plc), has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

#### **Information set out in the Strategic report**

Disclosures relating to the following items have been included in the Strategic report, which can be found on page 2:

- dividend payments and recommendations;
- financial risk management objectives, policies and related exposures to interest rate, currency, credit and liquidity risk; and
- likely future developments in the business of the Company.

#### **Going concern**

The directors believe that the Company will continue to act in line with its principal business activity as a service entity for the Mondi Group. The Company's ultimate holding company, Mondi plc, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period of not less than 12 months from the signing of the Company's annual financial statements.

As a result, the directors believe that the Company will continue to be a going concern into the near future and have adopted the going concern basis of accounting.

#### **Events occurring after 31 December 2020**

In response to the COVID-19 pandemic, which the World Health Organisation first characterised as such in March 2020, the Mondi Group put in place measures to ensure employees could continue to work safely and efficiently, with a focus on risk management. Employees in administrative roles moved to remote working. We continue to closely monitor the impacts of the COVID-19 pandemic in 2021. We are not expecting any significant impact on the Company's operation or financial position. We continue to monitor its impact on global trade and the macro-economic outlook.

There have been no other material reportable events since 31 December 2020.

## **Mondi Services (UK) Limited**

### **Annual report and financial statements**

For the year ended 31 December 2020

### **Directors' report (continued)**

#### **Statement as to disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Independent Auditors**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and in accordance with the Companies Act 2006 are deemed to remain in office as auditors of the Company.

Approved by the board of directors on 18 May 2021 and signed on behalf of the board by:



J.L. Hampshire  
Company Secretary

## **Mondi Services (UK) Limited**

### **Annual report and financial statements**

For the year ended 31 December 2020

#### **Statement of directors' responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Mondi Services (UK) Limited**

### **Independent auditors' report to the member of Mondi Services (UK) Limited (continued)**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Mondi Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 2020; 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**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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,

## **Mondi Services (UK) Limited**

### **Independent auditors' report to the member of Mondi Services (UK) Limited (continued)**

## **Report on the audit of the financial statements (continued)**

### **Reporting on other information (continued)**

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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 directors' responsibilities, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax and payroll legislation, and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

## **Mondi Services (UK) Limited**

### **Independent auditors' report to the member of Mondi Services (UK) Limited (continued)**

## **Report on the audit of the financial statements (continued)**

### **Responsibilities for the financial statements and the audit (continued)**

#### **Auditors' responsibilities for the audit of the financial statements (continued)**

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of potential instances of non-compliance with laws and regulation and fraud;
- Testing a sample of journal entries in relation to unexpected account combinations, post close journals and journals with unusual descriptions;
- Reviewing board meeting minutes up to the date of the audit report; and
- Testing payroll transactions, including management estimates relating to employee benefits.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 member 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.

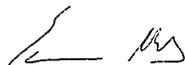
## **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

- we have not obtained 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.



Simon Morley (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

18 May 2021

## Mondi Services (UK) Limited

### Profit and loss account

For the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	4	13,816,616	16,079,646
Personnel costs	5	(6,627,480)	(7,100,993)
Other operating costs		(6,630,475)	(8,395,825)
Other operating income		610	-
Depreciation	8	(522,473)	(518,055)
Gain on disposal of fixed assets	8	1,069	50
<b>Operating profit</b>	5	37,867	64,823
Interest payable and similar expenses	6	(61,076)	(102,369)
<b>Loss before tax</b>		(23,209)	(37,546)
Tax on loss	7	-	-
<b>Loss and total comprehensive expense for the financial year</b>		(23,209)	(37,546)

All amounts derive from continuing operations.

There are no items of comprehensive income or expense for the current or preceding financial year other than the loss for the financial year shown above and therefore no separate Statement of Comprehensive Income has been presented.

The notes of pages 12 to 22 form an integral part of these financial statements

## Mondi Services (UK) Limited

### Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible fixed assets	8	531,182	1,013,391
<b>Current assets</b>			
Trade and other receivables	10	<u>1,776,604</u>	<u>3,479,125</u>
<b>Total assets</b>		<u><u>2,307,786</u></u>	<u><u>4,492,516</u></u>
<b>Current liabilities</b>			
Trade and other payables	12	(5,592,901)	(7,270,055)
Lease obligations	11	<u>(503,498)</u>	<u>(514,498)</u>
		<u>(6,096,399)</u>	<u>(7,784,553)</u>
<b>Net current liabilities</b>		<u><u>(4,319,795)</u></u>	<u><u>(4,305,428)</u></u>
<b>Non-current liabilities</b>			
Lease obligations	11	<u>(23,014)</u>	<u>(496,381)</u>
<b>Total liabilities</b>		<u><u>(6,119,413)</u></u>	<u><u>(8,280,934)</u></u>
<b>Net liabilities</b>		<u><u>(3,811,627)</u></u>	<u><u>(3,788,418)</u></u>
<b>Equity</b>			
Called up share capital	13	1	1
Accumulated losses		<u>(3,811,628)</u>	<u>(3,788,419)</u>
<b>Total shareholders' deficit</b>		<u><u>(3,811,627)</u></u>	<u><u>(3,788,418)</u></u>

The financial statements of pages 9 to 22 were approved by the Board of Directors and authorised for issue on 18 May 2021. They were signed on its behalf by:



J C Paterson  
Director  
Company registered number: 06003425

## Mondi Services (UK) Limited

### Statement of changes in equity

For the year ended 31 December 2020

	Called up share capital	Accumulated losses	Total
	£	£	£
<b>Balance at 1 January 2019</b>	1	(3,750,873)	(3,750,872)
Loss and total comprehensive expense for the year	-	(37,546)	(37,546)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	1	(3,788,419)	(3,788,418)
Loss and total comprehensive expense for the year	-	(23,209)	(23,209)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2020</b>	<hr/>	<hr/>	<hr/>

The notes of pages 12 to 22 form an integral part of these financial statements.

# Mondi Services (UK) Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 1. General information

Mondi Services (UK) Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are separate financial statements.

### 2. Significant accounting policies

#### Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements of Mondi plc. The consolidated financial statements are available to the public and can be obtained as set out in note 14.

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year, except for the following:

#### Going concern

The directors believe that the Company will continue to act in line with its principal business activity as a service entity for the Mondi Group. The Company's ultimate holding company, Mondi plc, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period of not less than 12 months from the signing of the Company's annual financial statements.

As a result, the directors believe that the Company will continue to be a going concern into the foreseeable future and have adopted the going concern basis of accounting.

#### Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents rental income from group companies and amounts receivable for management services provided to other group companies, net of VAT and other sales-related taxes.

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

The revenue recorded from cost recharges from Mondi Services (UK) Limited to Mondi plc and the settlement of the receivable are executed monthly as a part of the monthly closing process in accordance with the Group's established internal policy.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 2. Significant accounting policies (continued)

##### **Taxation**

###### Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

###### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

###### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

###### Trade receivables, loans, and other receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are initially recognised at their fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairments.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 2. Significant accounting policies (continued)

##### Other financial liabilities

Other financial liabilities, including borrowings, are initially recognised at fair value, net of direct transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

##### **Tangible fixed assets**

Tangible fixed assets comprise Furniture and Equipment, Land and Buildings and Computer equipment.

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes all costs incurred in bringing the equipment to the location and condition for its intended use.

At each reporting date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Depreciation is charged to write off the cost of assets on the straight-line basis over their estimated useful economic lives to their estimated residual values. Useful economic lives have been estimated as follows:

- right of use asset - 2 to 3 years
- computer equipment - 3 to 4 years
- furniture and equipment - 5 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Details for assets held under leases are explained under section 'Leases'.

## **Mondi Services (UK) Limited**

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

For the year ended 31 December 2020

#### **2. Significant accounting policies (continued)**

##### **Leases**

To the extent that a right-of-control exists over an asset subject to a lease with a lease term exceeding one year, a right-of-use asset, representing the Company's right to use the underlying leased asset, and a lease liability, representing the Company's obligation to make lease payments, are recognised in the balance sheet at the commencement of the lease.

The right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in terms of the lease. Depreciation is charged to the profit and loss account so as to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. This amounts to a lease term of two to three years for the right of use asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the profit and loss account over the period of the lease.

Lease expenses for leases with a duration of one year or less and low-value assets are charged to the profit and loss account when incurred. Low-value assets are based on qualitative and quantitative criteria.

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas of judgement and estimation the directors considered included the assessment of deferred taxation (see note 9) and the discount rate on initial measurement of lease obligations (see note 11). The directors do not consider any of the judgements and estimates as critical accounting judgements or significant accounting estimates as defined in IAS 1.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 3. Directors and employees

The Company had no employees during the year (2019: none). Employee costs of 25 employees of Mondi plc (2019: 25) of £6,627,480 (2019: £7,100,993) were borne by Mondi Services (UK) Limited on behalf of Mondi plc in accordance with the Group's established internal policy. The directors received no remuneration or emoluments in respect of the services provided to the Company during the year (2019: nil).

	2020 No.	2019 No.
<b>Average number of persons employed</b>		
Sales and Administration	25	25
	<u>25</u>	<u>25</u>

	2020 £	2019 £
<b>Staff costs during the year</b>		
Wages and salaries	5,780,026	6,270,994
Social security costs	822,912	777,396
Other pension costs	24,542	52,603
	<u>6,627,480</u>	<u>7,100,993</u>

#### 4. Revenue

	2020 £	2019 £
Rendering of services	13,804,616	16,067,646
Rental income	12,000	12,000
	<u>13,816,616</u>	<u>16,079,646</u>

#### 5. Operating profit

Employee costs of 25 employees of Mondi plc (2019: 25) of £6,627,480 (2019: £7,100,993) were borne by Mondi Services (UK) Limited on behalf of Mondi plc in accordance with the Group's established internal policy.

The audit fee for the audit of the Company's financial statements of £22,312 (2019: £20,700) has been borne by Mondi plc in both years.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 6. Interest payable and similar expenses

	2020 £	2019 £
Interest payable to group undertakings	(23,209)	(37,546)
Interest on lease obligations	(37,867)	(64,823)
	<u>(61,076)</u>	<u>(102,369)</u>

Interest on amounts due to group undertakings is charged at current market rates and amounts due are payable on demand. Refer to note 11 for details on leases.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 7. Tax on loss

##### (a) Analysis of tax charge for the year

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax	-	-
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>

##### (b) Factors affecting tax charge for the year

The total tax charge assessed for both years differ from the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £	2019 £
Loss before taxation	<u>(23,209)</u>	<u>(37,546)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	4,410	7,134
Tax effect of:		
Expenses not deductible for tax purposes	(1,330)	(543,993)
Depreciation in excess of Capital allowances	(7,578)	(6,938)
Group relief claimed and not charged	4,498	543,797
<b>Tax charge for the year</b>	<u>-</u>	<u>-</u>

The Finance Act 2015 introduced provisions to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. The Finance Act 2016 received Royal Assent on 15 September 2016 enacting a further reduction in the main rate of corporation tax to 17% from 1 April 2020. The Finance Bill 2020 was substantively enacted on 17 March 2020 which reversed this further reduction.

On 3 March 2021, the Chancellor of the Exchequer announced an increase in the main rate of corporation tax to 25% from 1 April 2023. This increase was not substantively enacted at 31 December 2020 and has therefore not been reflected in these financial statements.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 8. Tangible fixed assets

	Land and buildings	Computer equipment	Furniture and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2019	2,407,696	551,732	2,635,200	5,594,628
Additions	-	11,267	9,383	20,650
Disposals	-	-	-	-
	<u>2,407,696</u>	<u>562,999</u>	<u>2,644,583</u>	<u>5,615,278</u>
At 31 December 2019	2,407,696	562,999	2,644,583	5,615,278
Additions	-	10,230	37,828	48,058
Disposals	-	(627)	(20,355)	(20,982)
	<u>2,407,696</u>	<u>572,602</u>	<u>2,662,056</u>	<u>5,642,354</u>
<b>At 31 December 2020</b>	<b><u>2,407,696</u></b>	<b><u>572,602</u></b>	<b><u>2,662,056</u></b>	<b><u>5,642,354</u></b>
<b>Accumulated depreciation</b>				
At 1 January 2019	993,843	505,529	2,584,460	4,083,832
Charge for the year	481,539	22,058	14,458	518,055
Disposals	-	-	-	-
	<u>1,475,382</u>	<u>527,587</u>	<u>2,598,918</u>	<u>4,601,887</u>
At 31 December 2019	1,475,382	527,587	2,598,918	4,601,887
Charge for the year	481,539	21,778	19,156	522,473
Disposals	-	(296)	(12,892)	(13,188)
	<u>1,956,921</u>	<u>549,069</u>	<u>2,605,182</u>	<u>5,111,172</u>
<b>At 31 December 2020</b>	<b><u>1,956,921</u></b>	<b><u>549,069</u></b>	<b><u>2,605,182</u></b>	<b><u>5,111,172</u></b>
<b>Carrying amount</b>				
At 31 December 2020	<u>450,775</u>	<u>23,533</u>	<u>56,874</u>	<u>531,182</u>
At 31 December 2019	<u>932,314</u>	<u>35,412</u>	<u>45,665</u>	<u>1,013,391</u>

The carrying amount and depreciation charge accumulated held as right of use assets (included in Furniture and equipment and Land and buildings) amount to £480,506 (2019: £939,777) and £1,964,201 (2019: £1,488,274), respectively.

The Company disposed of assets (included in Computer equipment as well as Furniture and equipment) during the financial year. The difference between the net disposal proceeds of £8,864 (2019: £50) and its carrying amount of £7,795 (2019: £nil) is recognised in the Profit and loss account within 'Gain on disposal of fixed assets'.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 9. Deferred tax asset - unrecognised

	2020	2019
	£	£
Depreciation in excess of Capital allowances	278,827	270,719
Deferred tax asset	278,827	270,719

No deferred tax assets have been recognised, as it is not considered likely that they would be recovered. The unrecognised deferred tax asset has no expiry date.

#### 10. Trade and other receivables

Amounts falling due within one year:

	2020	2019
	£	£
Amounts owed by group undertakings	1,302,644	2,885,900
Prepayments	121,220	137,036
Tax and social security	352,740	456,189
	1,776,604	3,479,125

Interest on amounts owed by group undertakings is earned at current market rates, charged only on balances outstanding for more than 12 months, and amounts owed are payable on demand.

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 11. Lease obligations

The Company renewed the lease for office space in 2016. The right of use asset for the office building is reflected in the underlying asset class of Land and buildings and the related lease liabilities are reflected as Lease obligations. The lease term is 60 months and fixed instalments of £163,060 are payable quarterly in advance with a 10 month period free of payment at inception. The interest rate applied to this lease is 4.98%.

The Company has renewed the lease for photocopiers in the financial year 2020. The lease term is 60 months and fixed instalments of £2,019 are payable quarterly in advance. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The interest rate implicit in the lease is 3.8%. The right of use asset for the photocopiers is reflected in the underlying asset class of Furniture and equipment and the related lease liabilities are reflected as Lease obligations.

**Future minimum lease payments are as follows:**

	2020	2019
	£	£
<b>Minimum lease payments</b>		
Within one year	516,883	552,128
Between two and five years	24,228	508,807
	<hr/>	<hr/>
Future value of lease liability	541,111	1,060,935
Less: Future finance charges	(14,599)	(50,056)
	<hr/>	<hr/>
Present value of lease liability	<u>526,512</u>	<u>1,010,879</u>

## Mondi Services (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 12. Trade and other payables

	2020	2019
	£	£
Amounts owed to group undertaking	2,598,186	3,254,833
Trade payables	15,615	130,139
Accruals	2,567,783	3,542,395
Tax and social security	411,317	342,688
	<u>5,592,901</u>	<u>7,270,055</u>

Interest on amounts due to group undertakings is charged at current market rates and amounts due are payable on demand. These amounts owed to group undertakings relate to deposits that are held within a group cash pool account for which a cash pooling arrangement is in place.

#### 13. Called up Share capital

	2020	2019
	£	£
<b>Issued and fully paid</b>		
1 (2019: 1) ordinary share of £1	<u>1</u>	<u>1</u>

Mondi Services (UK) Limited is not restricted in the number of shares that can be issued.

#### 14. Ultimate parent company

The immediate parent company and controlling party is Mondi Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and ultimate controlling party is Mondi plc, a company incorporated in the United Kingdom and registered in England and Wales. Mondi plc is the parent undertaking of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared.

The financial statements of Mondi Investments Limited and Mondi plc may be obtained from the Company Secretary, Building 1, 1<sup>st</sup> Floor, Aviator Park, Station Road, Addlestone, Surrey KT15 2PG.