

Company registration number 07012425 (England and Wales)

EURO PACKAGING UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

EURO PACKAGING UK LIMITED

COMPANY INFORMATION

Directors	Z K Lowe P Timmins Q Ahmed
Secretary	M A Shaikh
Company number	07012425
Registered office	20 Brickfield Road Yardley Birmingham B25 8HE
Auditor	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR
Bankers	HSBC Bank plc 4th Floor 120 Edmund Street Birmingham B3 2QZ

EURO PACKAGING UK LIMITED

CONTENTS

	Page
Strategic report	1 - 5
Directors' report	6 - 8
Independent auditor's report	9 - 12
Statement of comprehensive income	13
Balance sheet	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	17 - 35

EURO PACKAGING UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Turnover for the year has remained consistent at £137m (2020: £138m).

Distribution costs have increased by £0.7m when compared to 2020. This is principally due to increased carriage due to a global market market conditions within shipping and transportation.

Administrative expenses reduced as expected by £3.6m. In the prior year the company incurred £2.4m additional management charges. Furthermore, the company incurred £1.2m early repayment fees and £1.2m research and development costs, both of which have not been incurred in 2021. Increased costs have been incurred in respect of insurance, consultancy fees, rates.

Increased profitability in the year has permitted additional charitable donations of £1.4m to be made.

The Directors are extremely satisfied with the year's profit before tax of £4.0m (2020: £0.7m).

At the year-end, the company has net assets of £12.6m (2020: £9.4m). The Directors are satisfied that this places the company in a strong and stable financial position.

The company is continuing to develop and expand its product range in order to meet the ever-changing demands of the consolidation market, and changes in the industry as packaging criteria's evolve.

The organisation will continue to offer and develop product innovations, as well as providing our customers with market leading management information and electronic ordering facilities.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The company's activities expose it to a number of financial risks, not all of which are within its control.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The majority of the company's inventory purchases are in US dollars. Also the company invoices a proportion of its sales in US dollars which provides a natural hedge against some of the exposure to currency fluctuations.

Credit risk

The company's principal financial assets are cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability of the debt.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company has obtained credit insurance which covers the majority of the receivables from customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

The company monitors its cash flow on a daily basis as part of its normal control procedures.

Perceived environmental issues

There has been a UK government led campaign over the last few years targeting the reduction in the usage of plastic products because of their perceived negative environmental impact. There is a risk of further reduction in plastic bag and other similar packaging usage both in the UK and overseas markets as further targets and/ or environmental taxes are introduced. The company is at the forefront in the offering of alternative materials and product solutions to its customers to assist them in meeting their environmental obligations whilst meeting the needs of consumers.

Commodity price risk

The company is exposed to commodity price risk in relation to the cost of its raw material input, polyethylene resin and paper. The company monitors trends in the market closely and liaises with related companies and third party suppliers in relation to fluctuations in the prices and impact on future profitability. The company does not hedge its future raw material requirement but it does seek to recover major movements in the commodity price through price adjustments with its customers when appropriate.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Other performance indicators

The company reviews and monitors its performance against a number of key performance indicators both financial and non-financial. The principal measures include revenue growth, maintaining service levels and improvement of gross margins. These are reviewed by the management team and reported to the Board on a monthly basis.

The Directors have continually monitor all of the KPI's and daily operating controls and maintain a strong focus on increasing performance in all aspects of the business.

The main KPI's and corresponding results are as follows:

	2021	2020
Gross profit %	23.7%	22.0%
Net profit %	2.9%	0.5%
Net assets	£12.6m	£9.4m

Future developments

The directors anticipate increasing profitability in the forthcoming year, as the company continues to develop its existing markets and strategy.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Promoting the success of the company

Directors' duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK companies Act 2006 which is summarised as follows;

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.'

The following paragraphs summarise how the Directors' fulfil their duties;

Risk Management

As a privately owned business, the Company has the flexibility to adopt a longer term view in respect of key business decisions. Our strategic plan is focused on creating long term value for all stakeholders including employees, customers and suppliers.

Our People

We recognise that our employees are the key to helping us achieve our strategic plan. We place considerable value on the development and wellbeing of our employees and continue to keep them informed on matters affecting them as employees and the performance of the Company. During the year we have introduced an employee hardship fund and have regularly engaged with employees to obtain feedback in respect of areas which require further improvement.

Business Relationships

Fostering positive relationship with all our stakeholders has underpinned our success to date. Our decision making and business conduct takes into account the views, requirements and impact on our stakeholders and this enables us to continue developing and maintaining business relationships.

Community and Environment

The Company recognises the impact of its principal activities on the community and environment.

As a result, the Company manages its activities to ensure risks to the community and environment are minimised. We have introduced initiatives to minimise our footprint which include; use of solar power in our factory, introduction of a zero carbon emission company car fleet, segregation and recycling of all waste from manufacturing sites, and reuse of inbound packaging in outbound deliveries. Further initiatives are planned for the short to medium term.

Shareholders

The Directors consider, both individually and together, that they act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders.

Appropriate measures are in place to ensure the Directors are fully aligned with shareholders.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

P Timmins

Director

30 September 2022

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the supply of consumable and goods for resale products, both in-house manufactured and third party sourced, to the retail market sector. Additionally, the organisation provides a comprehensive consolidation solution for Goods Not For Resale (GNFR) to both food and non-food retailers.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Z K Lowe

A Miniere

P Timmins

Q Ahmed

(Resigned 1 July 2022)

Political donations

The company made £5,000 political donations in the current year.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditor, Cowgill Holloway LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Energy and carbon report

The company presents its emissions and energy consumption below.

<i>Energy consumption</i>	kWh
Aggregate of energy consumption in the year	10,063,445

<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes
Scope 1 - direct emissions		
- Gas combustion	-	
- Fuel consumed for owned transport	1,871.20	1,871.20
Scope 2 - indirect emissions		
- Electricity purchased		470.15
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		-
Total gross emissions		2,341.35
Intensity ratio		
Tonnes CO2e per £100,000		1.70

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Vehicle fuel - all vehicles have mileage recorded and mileage has been compared to emissions to calculate the total emissions for the year.

Electricity - we have analysed the electricity invoices received from the supplier and recorded the electricity usage.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £100,000, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel by employees. Additionally all new car leases taken out in the year have been for fully electric vehicles.

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

P Timmins
Director

30 September 2022

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EURO PACKAGING UK LIMITED

Opinion

We have audited the financial statements of Euro Packaging UK Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EURO PACKAGING UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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.

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EURO PACKAGING UK LIMITED

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's license to operate. We identified the following areas as those most likely to have such an effect: laws related to packaging intended to come into contact with food and the regulated nature of the packaging industry, especially in relation to waste and plastic materials. The company is also subject to employment law, data protection, health and safety, property rental regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We design procedures in line with our responsibilities, outlined below to detect material misstatement due to fraud:

- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud
- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud;

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

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBERS OF EURO PACKAGING UK LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Stansfield (Senior Statutory Auditor)
For and on behalf of Cowgill Holloway LLP

30 September 2022

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

EURO PACKAGING UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	137,442,437	138,259,332
Cost of sales		(104,832,431)	(107,794,076)
Gross profit		32,610,006	30,465,256
Distribution costs		(5,176,008)	(4,449,401)
Administrative expenses		(16,268,979)	(19,905,687)
Other operating income		172,329	653,789
Operating profit before donations	5	11,337,348	6,763,957
Charitable donations	4	(6,412,268)	(5,006,481)
Operating profit after donations		4,925,080	1,757,476
Interest receivable and similar income	8	9,386	8,523
Interest payable and similar expenses	9	(947,532)	(1,088,379)
Profit before taxation		3,986,934	677,620
Tax on profit	10	(787,690)	17,106
Profit for the financial year		3,199,244	694,726

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EURO PACKAGING UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		5,983,687		3,786,386
Current assets					
Stocks	14	22,161,614		20,567,965	
Debtors	15	40,522,003		38,991,232	
Cash at bank and in hand		1,966,662		4,302,632	
		<u>64,650,279</u>		<u>63,861,829</u>	
Creditors: amounts falling due within one year	16	<u>(23,294,179)</u>		<u>(39,152,255)</u>	
Net current assets			41,356,100		24,709,574
Total assets less current liabilities			<u>47,339,787</u>		<u>28,495,960</u>
Creditors: amounts falling due after more than one year	17		(34,006,853)		(19,090,419)
Provisions for liabilities					
Deferred tax liability	20	774,769		46,620	
		<u>(774,769)</u>		<u>(46,620)</u>	
Net assets			<u>12,558,165</u>		<u>9,358,921</u>
Capital and reserves					
Called up share capital	22	2,000,002		2,000,002	
Profit and loss reserves		10,558,163		7,358,919	
Total equity		<u>12,558,165</u>		<u>9,358,921</u>	

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on its behalf by:

P Timmins
Director

Company Registration No. 07012425

EURO PACKAGING UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	2,000,002	6,664,193	8,664,195
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	694,726	694,726
Balance at 31 December 2020	2,000,002	7,358,919	9,358,921
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	3,199,244	3,199,244
Balance at 31 December 2021	2,000,002	10,558,163	12,558,165

EURO PACKAGING UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash absorbed by operations	28	(13,478,696)		(4,548,546)	
Interest paid		(947,532)		(1,088,379)	
Income taxes paid		(68,428)		(130,323)	
Net cash outflow from operating activities		(14,494,656)		(5,767,248)	
Investing activities					
Purchase of tangible fixed assets		(3,020,056)		(1,389,227)	
Proceeds on disposal of tangible fixed assets		1,250		7,475	
Receipts arising from loans made		342,837		(181,944)	
Interest received		9,386		8,523	
Net cash used in investing activities		(2,666,583)		(1,555,173)	
Financing activities					
Repayment of borrowings		15,000,000		7,875,085	
Payment of finance leases obligations		(174,731)		(127,196)	
Net cash generated from financing activities		14,825,269		7,747,889	
Net (decrease)/increase in cash and cash equivalents		(2,335,970)		425,468	
Cash and cash equivalents at beginning of year		4,302,632		3,877,164	
Cash and cash equivalents at end of year		1,966,662		4,302,632	

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Euro Packaging UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 20 Brickfield Road, Yardley, Birmingham, B25 8HE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has not prepared consolidated accounts on the grounds that its subsidiary undertakings are not material for the purpose of giving a true and fair view as permitted by s405 of the Companies Act 2006.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development performance and position are set out in the strategic report.

The company's forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

Leasehold improvements	Over lease period
Plant and equipment	10% - 20% p.a. straight line basis
Office and computer equipment	20% - 33% p.a. straight line basis
Motor vehicles	10% - 20% p.a. straight line basis

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

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

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

1.7 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell on a first in, first out basis. In respect of manufactured finished goods, cost includes all raw materials, consumables, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items, where appropriate.

1.9 Cash and cash equivalents

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

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. 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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.12 Derivatives

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

To ensure that adequate provision is made in the company's accounts for slow moving, damaged and obsolete stock the directors recognise specific provisions based on the age and category of stock held at the year end. At the year end the provision totalled £3,247,829 (2020: £3,987,459).

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Sales of goods	137,442,437	138,259,332

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	101,248,369	110,415,734
Europe, Middle East and Africa	35,184,880	27,182,417
Asia	766,886	518,228
The Americas	173,068	88,571
Other countries	69,234	54,382
	137,442,437	138,259,332

	2021 £	2020 £
Other revenue		
Interest income	9,386	8,523
Grants received	172,329	653,789

4 Charitable donations

	2021 £	2020 £
Charitable donations	6,412,268	5,006,481

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	459,986	(1,425,822)
Research and development costs	-	1,213,771
Government grants	(172,329)	(653,789)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	30,000
Depreciation of owned tangible fixed assets	734,413	683,374
Depreciation of tangible fixed assets held under finance leases	88,342	88,342
Profit on disposal of tangible fixed assets	(1,250)	-
Operating lease charges	490,234	529,423

Government grants received relates to claims made for the Coronavirus Job Retention.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

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

	2021 Number	2020 Number
Management	1	3
Administration	75	71
Selling	25	27
Production and distribution	296	291
Total	397	392

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	10,009,034	10,118,789
Social security costs	976,841	968,548
Pension costs	194,050	217,333
	11,179,925	11,304,670

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	266,023	388,936
Company pension contributions to defined contribution schemes	3,374	7,995
	269,397	396,931

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 5).

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

	2021 £	2020 £
Remuneration for qualifying services	124,267	134,165
Company pension contributions to defined contribution schemes	1,319	4,313

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Other interest income	9,386	8,523
	<u>9,386</u>	<u>8,523</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Other finance costs:		
Interest on finance leases and hire purchase contracts	11,532	13,665
Interest payable to related parties	936,000	1,070,749
Other charges	-	3,965
	<u>947,532</u>	<u>1,088,379</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	43,497	51,527
Adjustments in respect of prior periods	15,684	(15,684)
	<u>59,181</u>	<u>35,843</u>
Deferred tax		
Origination and reversal of timing differences	728,509	(52,949)
	<u>728,509</u>	<u>(52,949)</u>
Total tax charge/(credit)	<u>787,690</u>	<u>(17,106)</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	3,986,934	677,620
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	757,517	128,748
Tax effect of expenses that are not deductible in determining taxable profit	833	14,722
Adjustments in respect of prior years	15,684	(15,684)
Group relief	(30,710)	-
Research and development tax credit	-	(69,411)
Other permanent differences	44,366	(64,461)
Deferred tax adjustments in respect of prior years	-	(11,020)
Taxation charge/(credit) for the year	787,690	(17,106)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24th February 2022). These include an increase to the main rate to 25% from April 2023.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Leasehold improvements	Assets under construction	Plant and equipment	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	700,784	-	5,472,399	901,387	735,010	7,809,580
Additions	21,517	2,439,492	441,615	109,827	7,605	3,020,056
Disposals	-	-	-	-	(5,000)	(5,000)
At 31 December 2021	722,301	2,439,492	5,914,014	1,011,214	737,615	10,824,636
Depreciation and impairment						
At 1 January 2021	45,982	-	2,939,039	550,609	487,564	4,023,194
Depreciation charged in the year	79,269	-	558,261	137,626	47,599	822,755
Eliminated in respect of disposals	-	-	-	-	(5,000)	(5,000)
At 31 December 2021	125,251	-	3,497,300	688,235	530,163	4,840,949
Carrying amount						
At 31 December 2021	597,050	2,439,492	2,416,714	322,979	207,452	5,983,687
At 31 December 2020	654,802	-	2,533,360	350,778	247,446	3,786,386

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and equipment	487,346	575,688

Assets under the course of construction represent contractual deposits paid in respect of plant and machinery ordered.

12 Fixed asset investments

	2021 £	2020 £
Investments in subsidiaries	-	-
	-	-

13

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group
undertakings

£

Cost or valuation

At 1 January 2021 & 31 December 2021

15,557

Impairment

At 1 January 2021 & 31 December 2021

15,557

Carrying amount

At 31 December 2021

-

At 31 December 2020

-

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Euro Packaging (Suisse) SARL - in Liquidation	1	Ordinary	100.00
Euro Packaging Iberia DL	2	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Morgenstrasse 129, 3018 Bern, Switzerland
- 2 Barrio Samano 74 A A3, 39709 Castro-Urdiales, Spain

14 Stocks

	2021 £	2020 £
Raw materials and consumables	2,123,903	1,137,393
Goods in transit	7,045,053	3,148,625
Finished goods and goods for resale	12,992,658	16,281,947
	<u>22,161,614</u>	<u>20,567,965</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	25,894,899	25,488,380
Amounts owed by group undertakings	1,402,274	3,441
Other debtors	1,835,926	2,056,669
Prepayments and accrued income	1,136,693	1,145,740
	<u>30,269,792</u>	<u>28,694,230</u>
Amounts falling due after more than one year:		
	2021	2020
	£	£
Loans owed by group undertakings	10,000,000	10,000,000
Prepayments and accrued income	252,211	297,002
	<u>10,252,211</u>	<u>10,297,002</u>
Total debtors	<u>40,522,003</u>	<u>38,991,232</u>

Trading balances due from group undertakings and related parties, included within other debtors, are repayable on demand, unsecured, subject to normal trading terms and do not attract interest.

Loans due from group undertakings are unsecured and attract interest at 3.9% p.a., and are repayable by 2027, but subject to early repayment charges.

16 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Obligations under finance leases	19	90,075	181,240
Trade creditors		11,070,995	16,260,442
Amounts owed to group undertakings		6,885	3,439,398
Corporation tax		28,713	37,600
Other taxation and social security		573,117	1,703,626
Other creditors		8,860,662	15,886,257
Accruals and deferred income		2,663,732	1,643,692
		<u>23,294,179</u>	<u>39,152,255</u>

Trading balances due to group undertakings and related parties, included within other creditors, are repayable on demand, unsecured, subject to normal trading terms and do not attract interest.

Obligations under finance leases are secured against the assets to which they relate.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	19	6,853	90,419
Loans due to group undertakings	18	34,000,000	19,000,000
		<u>34,006,853</u>	<u>19,090,419</u>

Loans due to group undertakings are unsecured and attract interest at 3.9% p.a., and are repayable in 2027.

Obligations under finance leases are secured against the assets to which they relate.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	34,000,000	19,000,000
	<u>34,000,000</u>	<u>19,000,000</u>

18 Loans and overdrafts

	2021 £	2020 £
Loans from group undertakings	34,000,000	19,000,000
	<u>34,000,000</u>	<u>19,000,000</u>
Payable after one year	34,000,000	19,000,000
	<u>34,000,000</u>	<u>19,000,000</u>

Loans due to group undertakings are unsecured and attract interest at 3.9% p.a., and are repayable in 2027.

19 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	90,075	181,240
In two to five years	6,853	90,419
	<u>96,928</u>	<u>271,659</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	803,297	83,762
Retirement benefit obligations	(24,313)	-
Other short term timing differences	(4,215)	(37,142)
	<u>774,769</u>	<u>46,620</u>
		2021 £
Movements in the year:		
Liability at 1 January 2021		46,620
Charge to profit or loss		728,149
		<u>774,769</u>
Liability at 31 December 2021		<u>774,769</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	194,050	217,333
	<u>194,050</u>	<u>217,333</u>

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

As at the year-end, contributions due to the schemes in respect of the current reporting year were £200,570 (2020: £280,656).

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2,000,002	2,000,002	2,000,002	2,000,002
	<u>2,000,002</u>	<u>2,000,002</u>	<u>2,000,002</u>	<u>2,000,002</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	452,632	433,940
Between two and five years	76,956	264,123
	<u>529,588</u>	<u>698,063</u>

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	<u>6,017,230</u>	<u>-</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 section 1.12(e) 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

During the year the company has recognised rental charges of £1,785,912 (2020: £1,958,261), property management fees of £300,000 (2020: £250,000) and interest and early repayment charges of £Nil (2020: £2,263,225) from Euro Property Investments Limited, a related company due to common directors and control. The company has also recognised recharged expenses of £437,094 (2020: £244,652) to Euro Property Investments Limited. During the year loans totalling £Nil (2020: £11,124,915) were repaid to Euro Property Investments Limited. Amounts due from Euro Property Investments Limited as at the year end amounted to £149,841 (2020 creditor: £1,246,113) and is included within other debtors.

During the year the company has recognised recharges of £74,658 (2020: £2,056) to Your Office Space Limited, a company under common control. At the year end, an amount of £2,353 (2020: £2,804) was owed by Your Office Space Limited, this amount is included within other debtors.

During the year the company has recognised purchases of £9,752,705 (2020: £14,948,817) from Euro Nature Green SDN BHD, a company under common control. At the year end, an amount of £1,561,232 (2020: £497,924) was owed to Euro Nature Green SDN BHD, this amount is included within other creditors.

During the year the company has recognised management charges of £3,282,241 (2020: £5,685,875) from Euro Capital General Trading LLC, a company under common control. At the year end, an amount of £3,279,509 (2020: £5,687,506) was owed to Euro Capital General Trading LLC, this amount is included within other creditors and accruals.

At the year end an amount of £2,871 (2020: £2,871) was owed by Euro SME SDN BHD, this amount is included within other debtors.

At the year end an amount of £18,494 (2020: £18,494) was owed by Gulf Shine Plastic Company LLC, this amount is included within other debtors.

During the year the company has recognised sales of £105,448 (2020: £Nil) to and purchases of £5,413,477 (2020: £2,013,500) from Manchester Paper Bags Manufacturing LLC, a company under control of a close family member. At the year end, an amount of £793,623 (2020: £967,332) was owed from Manchester Paper Bags Manufacturing LLC, this amount is included within other debtors.

During the year the company has recognised sales of £8,595 (2020: £7,043) to and purchases of £5,640 (2020: £Nil) from Walkers Chocolates Limited, a company under common control. At the year end, an amount of £15,367 (2020: £Nil) was owed from Walkers Chocolates Limited, this amount is included within other debtors.

During the year the company made donations of £Nil (2020: £2,600,000) to The Family Trust, a related party due to its common trustees.

During the year the company made donations of £3,719,485 (2020: £2,400,000) to Euro Charity Trust, a related party due to its common trustees.

During the year the company made donations of £2,680,515 (2020: £Nil) to AM Foundation, a related party due to its common trustees.

As at the year end there are balances owing from the ultimate shareholders of £179,727 (2020: £523,008). The balances owed are unsecured and attract interest at 2.00% (2020: 2.25%). Advances made to shareholders in the year totalled £247,866 (2020: £748,642), repayments made by shareholders totalled £600,532 (2020: £601,520) and interest charged was £9,386 (2020: £8,523).

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

All loans have been fully repaid by 30 June 2021.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Amounts written off £	Closing balance £
Director loan account	2.25	32,293	-	(4,000)	(56)	28,237
Director loan account	2.25	2,000	5,000	(500)	-	6,500
		<u>34,293</u>	<u>5,000</u>	<u>(4,500)</u>	<u>(56)</u>	<u>34,737</u>

27 Ultimate controlling party

The ultimate parent company is Euro Packaging Jersey Limited, a company registered in Jersey.

The controlling parties of Euro Packaging Jersey Limited are A M Alimahomed and S M Alimahomed, each owning 50% of the share capital of Euro Packaging Jersey Limited.

28 Cash absorbed by operations

	2021 £	2020 £
Profit for the year after tax	3,199,244	694,726
Adjustments for:		
Taxation charged/(credited)	787,690	(17,106)
Finance costs	947,532	1,088,379
Investment income	(9,386)	(8,523)
Gain on disposal of tangible fixed assets	(1,250)	-
Depreciation and impairment of tangible fixed assets	822,755	771,716
Movements in working capital:		
Increase in stocks	(1,593,649)	(11,623,522)
Increase in debtors	(1,873,608)	(18,077,930)
(Decrease)/increase in creditors	(15,758,024)	22,623,714
Cash absorbed by operations	<u>(13,478,696)</u>	<u>(4,548,546)</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Analysis of changes in net debt

	2021 £
Opening net funds/(debt)	
Cash at bank and in hand	4,302,632
Borrowings excluding overdrafts	(19,000,000)
Obligations under finance leases	(271,659)
	<hr/> (14,969,027)
Changes in net debt arising from:	
Cash flows of the entity	(17,161,239)
	<hr/>
Closing net funds/(debt) as analysed below	(32,130,266)
	<hr/>
Closing net funds/(debt)	
Cash at bank and in hand	1,966,662
Borrowings excluding overdrafts	(34,000,000)
Obligations under finance leases	(96,928)
	<hr/> (32,130,266)
	<hr/>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.