

Registration number: 11434329

# Novolex UK Holdings, Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

WEDNESDAY



\*AAE240GX\*

A42

29/09/2021

#253

COMPANIES HOUSE



# **Novolex UK Holdings, Ltd**

## **Contents**

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 11
Consolidated Profit and Loss Account	12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Parent Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Parent Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19 to 41



# **Novolex UK Holdings, Ltd**

## **Company Information**

<b>Directors</b>	S B Bikulege
	L B Goldin
	E A Colver
	D E Norman
<b>Company secretary</b>	Entity Central Corporate Services (UK) Limited
<b>Registered office</b>	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London EC3N 3AX
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Temple Quay Bristol BS2 0FR



## Novolex UK Holdings, Ltd

### Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

#### Principal activities

The principal activity of the company is a holding company and of the group is plastic thermoforming and extrusion of plastic film.

#### Fair review of the business

The trading results of the year were impacted by the Covid-19 pandemic resulting in the group generating greater losses than 2019.

The group's loss for the year before taxation amounted to £3,662,194 (2019 - Loss of £1,810,599).

At the year end, the group has assets of £52,236,285 (2019 - £55,763,759) and liabilities of £61,016,086 (2019 - £60,971,349). The net liabilities of the group have increased by £3,572,211.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Gross Profit	£	15,576,582	17,641,666
EBITDA	£	5,771,271	7,669,900

#### Principal risks and uncertainties

The group's financial performance is directly impacted by the economic environment as consumer spending is essential to achieve sales. In order to manage this risk the group strives to deliver competitively priced products and provide a quality supply chain.

Brexit poses a potential risk surrounding the free movement of goods and services. It may also be that Brexit imposes various tariffs and regulations which may indirectly affect the company. There is also consideration of the potential fall in the value of sterling against other currencies following Brexit and the resulting risk facing the company. The group of companies have ways of mitigating the impact of this risk on the business through the use of financial instruments.

The financial position of the company and borrowing facilities are as set out in the financial statements. As an intermediate holding company, there are limited risks attributable to the business, but given the absence of trading, there is a reliance on the parent company for ongoing support, which is evidenced through a letter of support. Given the overall forecast for the group, and parent support provided, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the annual financial statements.



## **Novolex UK Holdings, Ltd**

### **Strategic Report for the Year Ended 31 December 2020**

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

The directors aim to act in a way that promotes the long-term success of the business, for the benefit of all its stakeholders. Section 172 matters are considered in in our strategy development and significant decisions across all aspects of our business.

Section 172 requires directors to have regard to, the

- 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 the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company.

The directors are aware of their responsibilities to ensure the company acts fairly in all its dealings and communications with key stakeholder groups and to consider the impact of the company's operations on the wider community and the environment. They take consideration of a range of factors including the section 172 duties as above in making decisions and the company's activities and where appropriate in the subsidiaries business on the success of the company and its holdings in the group. Decisions taken during the financial period included the approval of a budget for 2021.

#### **Engagement with employees**

Our employees are key in the continued growth, strength and innovation of the business, conducting business in a way where shareholders value and profitability leads to sustainable long-term growth.

We have a safe, dynamic and diversified workplace that creates the conditions for our team to grow and develop while promoting dedication, honesty, teamwork and integrity.

Health & Safety and Risk prevention is a key aspect of the business, ensuring that there are Health & Safety programmes in place at all sites.

Employees are informed by the Directors and management of the performance and progress of the group on a regular basis via town hall meetings, formal and informal meetings and regular communication.

#### **Engagement with suppliers, customers and other relationships**

We communicate with customers and suppliers to create long-term value for our stakeholders by providing industry leading expertise, solutions and through the efficient use of resources.

Approved by the Board on 29/9/21 and signed on its behalf by:

*E. A. Colver*

.....  
E A Colver  
Director



## **Novolex UK Holdings, Ltd**

### **Directors' Report for the Year Ended 31 December 2020**

The directors present their audited consolidated Annual Report and Financial Statements for the year ended 31 December 2020.

#### **Directors of the group**

The directors who held office during the year and up to the date of signing the Annual Report and Financial Statements were as follows:

C J Klein (resigned 31 October 2020)

P M Palmisano (resigned 1 March 2021)

S B Bikulege

Mr A J Coverdale (resigned 15 June 2020)

L B Goldin (appointed 31 October 2020)

E A Colver (appointed 1 December 2020)

The following director was appointed after the year end:

D E Norman (appointed 1 March 2021)

#### **Dividends**

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2020 (2019 - £Nil).

#### **Financial instruments**

The company and group have procedures to identify risk and manage the risks that may hinder its financial performance objectives. The objective is to limit counterparty exposure, ensure sufficient capital and to mitigate the risk identified. The group does not consider it necessary to employ derivatives to manage risk based on the current activities of the group.

#### **Objectives and policies**

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks.



## **Novolex UK Holdings, Ltd**

### **Directors' Report for the Year Ended 31 December 2020**

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

##### **Commodity price risk**

The group is exposed to fluctuations of its raw materials since plastic is inherently a petroleum by-product. The risk is inherent to the plastic industry. The directors, in partnership with customers and the group's supplier base, mitigate these risks where possible through customers supply commitments and suppliers agreeing to fixed periodic pricing.

##### **Currency risk**

Global plastic resin prices are quoted in US Dollars and Euros. This adds to the risks of price movements in raw materials as discussed above. The directors consider that the most effective way of reducing this risk is in addition to the above, to peg the company's raw material pricing in sterling as much as possible.

##### **Liquidity risk**

The group maintains stocks for supply to customers. There is a risk that these stocks may be illiquid. The directors minimise this risk through stock holding agreements and close partnership with customers to pro-actively predict the requirements of customers in order to reduce waste and lead times.

There is a risk that the trade debtors of the group may not be receivable. The directors obtain credit reports from an independent agency on all new customers and maintain close relationships with ongoing customers in order to reduce the risk of non-payment by debtors.

##### **Interest rate risk**

The directors have prepared detailed cash flow forecasts and consider this to be a minor risk to the group. The LIBOR rate is considered stable and therefore the potential increase of interest payable by the group is considered minimal. Novolex UK Holdings, Ltd are currently in discussions regarding agreeing a new basis.

#### **Employment of disabled persons**

Novolex UK Holdings, Ltd is committed to employment policies that provide and promote equal employment and advancement opportunities and to providing an environment that ensures tolerance and respect for all employees. Novolex's policy is that no employee will be treated less favourably, victimised or harassed on the grounds of their disability, gender, marital or civil partnership status, race, nationality, colour, ethnicity, religion, sexual orientation, age, or any other class protected by applicable law.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **Employee involvement**

Novolex UK Holdings, Ltd recognises the importance of engaging with and developing employees for both enhancing the performance of the business and in achieving and maintaining the highest standards in the workplace. The company continues to invest in people, processes and technology in order to deliver on its core people values.



## **Novolex UK Holdings, Ltd**

### **Directors' Report for the Year Ended 31 December 2020**

#### **Future developments**

It is management's intention to continue to develop the group. Management continues to improve its operational efficiencies and productivities and it is management's intention to hive up the trading assets of the subsidiaries of Deltaform Limited and A & J Plastics Limited into Par-Pak Europe Limited which will reduce the administrative costs of running additional companies. Management also continues to improve its commercial growth in appropriate market sectors and continues to explore potential growth through acquisitions, and on 5 August 2021 acquired the 100% shareholding of Vegware Holdings Limited, including its UK subsidiaries, for £25.8million.

#### **Research and development**

The group has expended resources during the year on developing new products for both existing and potential customers. Much of this work is speculative and does not necessarily result in new products reaching the market place.

#### **Branches outside the United Kingdom**

Hoffeld Plastics Limited is an Irish subsidiary.

#### **Environmental report**

##### **Emissions and energy consumption**

The company is a parent company which consumes less than 40,000 kWh of energy annually and there are no large company subsidiaries.

Approved by the Board on 29/9/21 and signed on its behalf by:

*E. A. Colver*

.....  
E A Colver  
Director



## **Novolex UK Holdings, Ltd**

### **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 group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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 group and company will continue in business.

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

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

#### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

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



# Independent auditors' report to the members of Novolex UK Holdings, Ltd

## Report on the audit of the financial statements

### Opinion

In our opinion, Novolex UK Holdings, Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and parent balance sheets as at 31 December 2020; the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and parent statements 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 group 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 group's and 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 group's and 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, 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 group and company and their 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 group's and 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 group or 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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with tax legislation, 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. Audit procedures performed by the engagement team included:

- Discussions throughout the audit with management and the company's in-house legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Assess completeness of journal entries to identify unusual journal entries for testing, in particular entries posted with unexpected account combinations and unusual words; and
- Challenging assumptions and judgements made by management in determining accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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



# Other required reporting

## **Companies Act 2006 exception reporting**

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

- we have not 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nick Muzzlewhite (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
29 September 2021



## Novolex UK Holdings, Ltd

### Consolidated Profit and Loss Account for the Year Ended 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Turnover	3	60,963,347	69,355,329
Cost of sales		<u>(45,386,765)</u>	<u>(51,713,663)</u>
Gross profit		15,576,582	17,641,666
Distribution costs		(5,796,968)	(6,298,062)
Administrative expenses		(9,405,130)	(9,164,235)
Other operating income	4	<u>283,495</u>	<u>3,577</u>
Operating profit	5	657,979	2,182,946
Other interest receivable and similar income	7	10,333	346,767
Interest payable and similar expenses	8	<u>(4,330,506)</u>	<u>(4,340,312)</u>
Loss before tax		(3,662,194)	(1,810,599)
Tax on loss	12	<u>(315,679)</u>	<u>(232,677)</u>
Loss for the financial year		<u><u>(3,977,873)</u></u>	<u><u>(2,043,276)</u></u>
<b>Loss attributable to:</b>			
Owners of the company		<u><u>(3,977,873)</u></u>	<u><u>(2,043,276)</u></u>

The notes on pages 19 to 41 form an integral part of these financial statements.



**Novolex UK Holdings, Ltd**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020**

	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Loss for the year	(3,977,873)	(2,043,276)
Foreign currency translation gains/(losses)	<u>405,662</u>	<u>(364,103)</u>
Total comprehensive expense for the year	<u>(3,572,211)</u>	<u>(2,407,379)</u>
<b>Total comprehensive expense attributable to:</b>		
Owners of the company	<u>(3,572,211)</u>	<u>(2,407,379)</u>

The notes on pages 19 to 41 form an integral part of these financial statements.



**Novolex UK Holdings, Ltd**  
**(Registration number: 11434329)**  
**Consolidated Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	13	16,090,160	18,255,130
Tangible assets	14	<u>10,687,240</u>	<u>11,390,941</u>
		<u>26,777,400</u>	<u>29,646,071</u>
<b>Current assets</b>			
Stocks	16	6,434,271	9,798,947
Debtors	17	12,932,315	13,176,851
Cash at bank and in hand	18	<u>6,092,299</u>	<u>3,141,890</u>
		25,458,885	26,117,688
<b>Creditors: Amounts falling due within one year</b>	19	<u>(14,267,511)</u>	<u>(10,248,106)</u>
<b>Net current assets</b>		<u>11,191,374</u>	<u>15,869,582</u>
<b>Total assets less current liabilities</b>		37,968,774	45,515,653
<b>Creditors: Amounts falling due after more than one year</b>	19	(46,516,837)	(50,467,854)
<b>Provisions for liabilities</b>	20	<u>(231,738)</u>	<u>(255,389)</u>
<b>Net liabilities</b>		<u>(8,779,801)</u>	<u>(5,207,590)</u>
<b>Capital and reserves</b>			
Called up share capital	22	100	100
Other reserves		41,559	(364,103)
Profit and loss account		<u>(8,821,460)</u>	<u>(4,843,587)</u>
Equity attributable to owners of the company		<u>(8,779,801)</u>	<u>(5,207,590)</u>
<b>Total equity</b>		<u>(8,779,801)</u>	<u>(5,207,590)</u>

The financial statements on pages 12 to 41 were approved by the Board of Directors on 29/9/21 and signed on its behalf by:

E. A. Colver

E A Colver  
Director



**Novolex UK Holdings, Ltd**  
**(Registration number: 11434329)**  
**Parent Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	15	54,027,803	54,027,803
<b>Creditors: Amounts falling due within one year</b>	19	<u>(4,961,328)</u>	<u>(3,605,932)</u>
<b>Total assets less current liabilities</b>		49,066,475	50,421,871
<b>Creditors: Amounts falling due after more than one year</b>	19	<u>(46,516,837)</u>	<u>(50,467,854)</u>
<b>Net assets/(liabilities)</b>		<u>2,549,638</u>	<u>(45,983)</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		<u>2,549,538</u>	<u>(46,083)</u>
<b>Total equity</b>		<u>2,549,638</u>	<u>(45,983)</u>

The company made a profit after tax for the financial year of £2,595,621 (2019: loss of £46,083).

The financial statements on pages 12 to 41 were approved by the Board of Directors on 29/9/21  
and signed on its behalf by:

E. A. Colver  
E A Colver  
Director



**Novolex UK Holdings, Ltd**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020**

**Equity attributable to the parent company**

	<b>Share capital</b>	<b>Foreign currency translation</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	100	(364,103)	(4,843,587)	(5,207,590)
Loss for the year	-	-	(3,977,873)	(3,977,873)
Other comprehensive income/(expense)	-	405,662	-	405,662
Total comprehensive income/(expense)	-	405,662	(3,977,873)	(3,572,211)
At 31 December 2020	100	41,559	(8,821,460)	(8,779,801)

  

	<b>Share capital</b>	<b>Foreign currency translation</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2019	100	-	(2,800,311)	(2,800,211)
Loss for the year	-	-	(2,043,276)	(2,043,276)
Other comprehensive income/(expense)	-	(364,103)	-	(364,103)
Total comprehensive income/(expense)	-	(364,103)	(2,043,276)	(2,407,379)
At 31 December 2019	100	(364,103)	(4,843,587)	(5,207,590)

The notes on pages 19 to 41 form an integral part of these financial statements.



# Novolex UK Holdings, Ltd

## Parent Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	100	(46,083)	(45,983)
Profit for the year	-	2,595,621	2,595,621
Total comprehensive income	-	2,595,621	2,595,621
At 31 December 2020	100	2,549,538	2,549,638
	Share capital £	Profit and loss account £	Total £
At 1 January 2019	100	-	100
Loss for the year	-	(46,083)	(46,083)
Total comprehensive expense	-	(46,083)	(46,083)
At 31 December 2019	100	(46,083)	(45,983)

The notes on pages 19 to 41 form an integral part of these financial statements.



## Novolex UK Holdings, Ltd

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
<b>Cash flows from operating activities</b>			
Loss for the year		(3,977,873)	(2,043,276)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	5,113,292	5,486,954
Loss on disposal of tangible assets		49,670	1,438
Finance income	7	(10,333)	(346,767)
Finance costs	8	3,813,133	4,337,390
Income tax expense	12	315,679	232,677
Foreign currency translation reserve - other movement		405,662	(364,103)
		<u>5,709,230</u>	<u>7,304,313</u>
Working capital adjustments			
Decrease/(increase) in stocks		3,364,676	(808,398)
Decrease in trade debtors		246,393	3,319,902
Increase/(decrease) in trade creditors		4,010,206	(2,430,059)
Decrease in deferred income, including government grants		-	(3,395)
		<u>13,330,505</u>	<u>7,382,363</u>
Cash generated from operations		<u>13,330,505</u>	<u>7,382,363</u>
Income taxes paid		(331,988)	(850,515)
Net cash flow from operating activities		<u>12,998,517</u>	<u>6,531,848</u>
<b>Cash flows from investing activities</b>			
Interest received		10,333	346,767
Acquisitions of tangible assets	14	(2,317,141)	(2,624,858)
Proceeds from sale of tangible assets		22,850	-
		<u>(2,283,958)</u>	<u>(2,278,091)</u>
Net cash flows from investing activities		<u>(2,283,958)</u>	<u>(2,278,091)</u>
<b>Cash flows from financing activities</b>			
Interest paid	8	(3,813,133)	(4,337,390)
Repayment of other borrowing		(3,951,017)	(3,559,949)
Payments to finance lease creditors		-	(70,662)
		<u>(7,764,150)</u>	<u>(7,968,001)</u>
Net cash flows from financing activities		<u>(7,764,150)</u>	<u>(7,968,001)</u>
Net increase/(decrease) in cash and cash equivalents		2,950,409	(3,714,244)
Cash and cash equivalents at 1 January		3,141,890	6,856,134
Cash and cash equivalents at 31 December		<u><u>6,092,299</u></u>	<u><u>3,141,890</u></u>

The notes on pages 19 to 41 form an integral part of these financial statements.



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The principal place of business is:

37-39 Burners Lane  
Kiln Farm  
Milton Keynes  
Buckinghamshire  
MK11 3HA

The address of its registered office is:

C/O Cogency Global (UK) Limited  
6 Lloyds Avenue  
Unit 4CL  
London  
EC3N 3AX

These financial statements were authorised for issue by the Board on 29/9/21

#### **2 Accounting policies**

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **Summary of disclosure exemptions**

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £2,595,621.



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Going concern**

The worldwide Covid-19 pandemic and the Government shut-down has impacted upon the company's trading activity during year end. However, throughout the pandemic the company has continued to manufacture packaging for the essential food, hygiene and healthcare sectors. The company's products have helped in the fight against covid, protecting product and people. The directors are confident that the business, through the support of the group, has adequate resources to survive the crisis and accordingly the company has continued to prepare its financial statements on a going concern basis. No adjustment is required in respect of the company's results to 31 December 2020.



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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

In the application of the group'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 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.

#### **Leases**

The group is leasing a premises at a rate below the market rate and each year an adjustment to the fair value of the lease interest is made to the income statement to recognise the impairment of the interest. In determining the annual adjustment the company review whether the estimated discount rate and estimated market rent is still valid

#### **Stock valuation**

The company reviews its stock on a regular basis and, where appropriate, makes provisions for slow moving and obsolete stock based on estimates of future sales activity. The estimates of the future sales activity will be based on both historical experience and expected outcomes based on knowledge of the markets in which the company operates as well as strategic assessments of potential new markets. Market performance is reviewed periodically throughout the year and the impact on the provision assessed.

#### **Trade debtors**

The company monitors the risk profile of trade debtors regularly and makes a provision for amounts that may not be recoverable on the basis of expected portfolio losses. When a trade debtor is not collectable it is written off against the bad debt provision.

#### **Impairment of goodwill**

The group considers whether goodwill is impaired. Where an indication of impairment is identified an estimation of recoverable value is made. No indication of impairment existed at the year end. The carrying amount is £14,752,512 (2019 - £16,719,514).

#### **Impairment of investments**

The company considers whether investments are impaired. Where an indication of impairment is identified an estimation of recoverable value is made. No indication of impairment existed at the year end. The carrying amount is £54,027,803 (2019 - £54,027,803).



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The Group recognises revenue when all of the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- all of the significant risks and rewards of ownership have been transferred to the customer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Group's activities.

#### **Government grants**

Government grants are recognised when the conditions for receipt are met and there is reasonable assurance that the grant will be received. Grants related to assets are initially taken to deferred income and then released to profit or loss on a systematic and rational basis over the useful lives of the related assets. The majority of grants received by the group are to assist with the purchase of plant and machinery. Grants related to income are deducted in reporting the related expense.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to group companies with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

#### Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off as incurred unless it meets the recognition criteria of a tangible asset as defined by FRS 102 Section 18, in which case it is recognised as an asset of the group.

#### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold property	6-100% straight line
Fixtures, fittings and equipment	7-100% straight line
Motor vehicles	18-50% straight line
Other property, plant and machinery	6-100% straight line on plant and equipment and varying rates for tools
Asset under construction	Nil

#### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### **Intangible assets**

Leasehold interest intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Leasehold interest intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	10 years
Leasehold interest	Amortised over the lease term

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows only, cash and cash equivalents include bank overdrafts repayable on demand.

Since the characteristics of such banking arrangements are that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the group's and company's cash management.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.



## **Novolex UK Holdings, Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Financial instruments**

##### ***Classification, recognition and measurement***

The group follows sections 11 and 12 of FRS 102 in respect of financial instruments.

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

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

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

If there is 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.

Financial assets are derecognised when

- a) the contractual rights to the cash flows from the asset expire or are settled, or
- b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or
- c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of estimated cash flows discounted at the liability's original effective interest rate.

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

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



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 3 Turnover

The analysis of the group's turnover for the year by market is as follows:

	31 December 2020 £	31 December 2019 £
UK	47,212,818	54,547,986
Europe	13,735,018	14,738,481
Sales: Rest of world	15,511	68,862
	<u>60,963,347</u>	<u>69,355,329</u>

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	31 December 2020 £	31 December 2019 £
Government grants (see note 6)	<u>283,495</u>	<u>3,577</u>

#### 5 Operating profit

Arrived at after charging/(crediting)

	31 December 2020 £	31 December 2019 £
Depreciation expense	2,948,322	3,329,362
Amortisation expense	2,164,970	2,157,592
Operating lease expense - property	1,099,512	1,079,617
Operating lease expense - plant and machinery	250,192	272,002
Operating lease expense - other	24,238	25,949
Loss on disposal of property, plant and equipment	<u>49,670</u>	<u>1,438</u>

#### 6 Government grants

The majority of grants received by the group are Government support packages in response to the Covid-19 pandemic.

The amount of grants recognised in the financial statements was £283,495 (2019 - £3,577).

#### 7 Other interest receivable and similar income

	31 December 2020 £	31 December 2019 £
Foreign exchange gains	<u>10,333</u>	<u>346,767</u>



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 8 Interest payable and similar expenses

	31 December 2020 £	31 December 2019 £
Interest on bank overdrafts and borrowings	3,183	3,504
Interest on obligations under finance leases and hire purchase contracts	-	2,750
Interest expense on other finance liabilities	-	303
Foreign exchange losses	517,373	2,922
Interest payable on loans from group undertakings	3,809,950	4,330,833
	<u>4,330,506</u>	<u>4,340,312</u>

#### 9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	31 December 2020 £	31 December 2019 £
Wages and salaries	13,432,473	13,428,004
Social security costs	1,222,497	1,162,478
Pension costs, defined contribution scheme	349,119	371,031
Other employee expense	12,802	16,854
	<u>15,016,891</u>	<u>14,978,367</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	31 December 2020 No.	31 December 2019 No.
Production	334	378
Administration and support	93	86
Other departments	5	5
	<u>432</u>	<u>469</u>



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

	31 December 2020	31 December 2019
	£	£
Remuneration	<u>43,332</u>	<u>-</u>

The majority of the directors received no remuneration from this company during the period as they were remunerated higher up the group and the group were not recharged for any services provided by these directors.

#### 11 Auditors' remuneration

	31 December 2020	31 December 2019
	£	£
Audit of company and consolidated financial statements	89,250	80,000
Audit of subsidiary financial statements	<u>26,663</u>	<u>38,283</u>
	<u>115,913</u>	<u>118,283</u>

#### 12 Tax on loss

Tax charged in the income statement

	31 December 2020	31 December 2019
	£	£
<b>Current taxation</b>		
UK corporation tax	-	(29,925)
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(88,359)</u>
	-	(118,284)
Foreign tax	<u>301,087</u>	<u>367,175</u>
Total current income tax	301,087	248,891
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>14,592</u>	<u>(16,214)</u>
Tax expense in the income statement	<u>315,679</u>	<u>232,677</u>



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	31 December 2020 £	31 December 2019 £
Loss before tax	<u>(3,662,194)</u>	<u>(1,810,599)</u>
Corporation tax at standard rate	(695,817)	(344,014)
Effect of expense not deductible in determining taxable profit (tax loss)	806,084	859,483
Effect of foreign tax rates	(124,324)	(159,327)
Deferred tax credit relating to changes in tax rates or laws	-	(1,008)
Increase from tax losses for which no deferred tax asset was recognised	232,420	94,921
Increase/(decrease) in UK and foreign current tax from adjustment for prior periods	114,525	(88,359)
Tax increase/(decrease) from effect of capital allowances and depreciation	63,846	(37,680)
Tax decrease from effect of adjustment in research and development tax credit	<u>(81,055)</u>	<u>(91,339)</u>
Total tax charge	<u><u>315,679</u></u>	<u><u>232,677</u></u>

During the year the enacted tax rate increased to 19% from 17% and accordingly deferred tax has been recognised at the enacted rate.



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Deferred tax

##### Group

Deferred tax assets and liabilities

31 December 2020	Asset £	Liability £
Accelerated tax depreciation - UK	-	231,738
Accelerated tax depreciation - Republic of Ireland	140,742	-
	<u>140,742</u>	<u>231,738</u>

31 December 2019	Asset £	Liability £
Accelerated tax depreciation - UK	-	255,389
Accelerated tax depreciation - Republic of Ireland	178,985	-
	<u>178,985</u>	<u>255,389</u>

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

This rise in the main rate of corporation tax will have an effect on the group's deferred tax provision, increasing the deferred tax asset by an estimated amount of £16,915.



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 13 Intangible assets

##### Group

	Goodwill £	Other intangible assets £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	19,670,017	1,866,646	21,536,663
At 31 December 2020	19,670,017	1,866,646	21,536,663
<b>Accumulated Amortisation</b>			
At 1 January 2020	2,950,503	331,030	3,281,533
Amortisation charge	1,967,002	197,968	2,164,970
At 31 December 2020	4,917,505	528,998	5,446,503
<b>Carrying amount</b>			
At 31 December 2020	14,752,512	1,337,648	16,090,160
At 31 December 2019	16,719,514	1,535,616	18,255,130

#### Individually material intangible assets

##### Goodwill

The carrying amount of this asset is £14,752,512 (2019 -£16,719,514) and the remaining amortisation period is 7 years and 6 months (2019 - 8 years and 6 months)

##### Other intangible assets - Leasehold interest

The carrying amount of this asset is £1,337,648 (2019 -£1,535,616) and the remaining amortisation period is 8 years and 8 months (2019 - 9 years and 8 months) The group has an option to acquire the leasehold interest on the land and buildings at predetermined rates up to 2030. As there are no plans for the option to be exercised by the group, no value has been assigned to the option.



# Novolex UK Holdings, Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 14 Tangible assets

#### Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Assets under construction £	Other property, plant and equipment £	Total £
<b>Cost</b>						
At 1 January 2020	529,005	359,816	6,272	991,186	14,430,492	16,316,771
Additions	-	198,213	-	1,243,636	875,292	2,317,141
Disposals	-	-	-	-	(300,370)	(300,370)
Transfers	-	-	-	(827,572)	827,572	-
At 31 December 2020	<u>529,005</u>	<u>558,029</u>	<u>6,272</u>	<u>1,407,250</u>	<u>15,832,986</u>	<u>18,333,542</u>
<b>Accumulated Depreciation</b>						
At 1 January 2020	122,964	121,408	3,640	-	4,677,818	4,925,830
Charge for the year	74,797	77,161	2,428	-	2,793,936	2,948,322
Eliminated on disposal	-	-	-	-	(227,850)	(227,850)
At 31 December 2020	<u>197,761</u>	<u>198,569</u>	<u>6,068</u>	<u>-</u>	<u>7,243,904</u>	<u>7,646,302</u>
<b>Carrying amount</b>						
At 31 December 2020	<u>331,244</u>	<u>359,460</u>	<u>204</u>	<u>1,407,250</u>	<u>8,589,082</u>	<u>10,687,240</u>
At 31 December 2019	<u>406,041</u>	<u>238,408</u>	<u>2,632</u>	<u>991,186</u>	<u>9,752,674</u>	<u>11,390,941</u>

Included within the net book value of land and buildings above is £62,154 (2019 - £62,371) in respect of freehold land and buildings and £269,090 (2019 - £343,670) in respect of short leasehold land and buildings.



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 15 Investments

##### Company

	2020 £	2019 £
Investments in subsidiaries	<u>54,027,803</u>	<u>54,027,803</u>

##### Subsidiaries

##### Cost

At 1 January 2020 and as at 31 December 2020	<u>54,027,803</u>
--	-------------------

##### Carrying amount

At 31 December 2020	<u>54,027,803</u>
At 31 December 2019	<u>54,027,803</u>

##### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
A & J Plastics Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%
Deltaform Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%
Holfeld Plastics Limited	Avoca Rover Park, Arlow, Co Wicklow Republic of Ireland	Ordinary	100%	100%



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

Par-Pak Europe Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%
Waddington Europe Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%

The company has a direct investment in Par-Pak Europe Limited which in turn has the investments in the other companies listed above.

#### Subsidiary undertakings

##### *A & J Plastics Limited*

The principal activity of A & J Plastics Limited is extrusion of plastic film.

##### *Deltaform Limited*

The principal activity of Deltaform Limited is plastic thermoforming and extrusion of plastic film.

##### *Holfeld Plastics Limited*

The principal activity of Holfeld Plastics Limited is plastic thermoforming and extrusion of plastic film.

##### *Par-Pak Europe Limited*

The principal activity of Par-Pak Europe Limited is plastic thermoforming and extrusion of plastic film.

##### *Waddington Europe Limited*

The principal activity of Waddington Europe Limited is Dormant.

For the year ending 31 December 2020 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

A & J Plastics Limited

Deltaform Limited

Par-Pak Europe Limited

Waddington Europe Limited

Waddington Europe Limited is a dormant subsidiary that is exempt from preparing and filing individual accounts by virtue of section 394A and section 448A respectively of the Companies Act 2006.



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 16 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	3,350,302	5,530,303	-	-
Finished goods and goods for resale	3,083,969	4,268,644	-	-
	<u>6,434,271</u>	<u>9,798,947</u>	<u>-</u>	<u>-</u>

#### Group

#### Impairment of stocks

The amount of impairment loss included in profit or loss is £281,495 (2019 - £357,530).

#### 17 Debtors

		Group		Company	
	Note	2020	2019	2020	2019
		£	£	£	£
Trade debtors		11,857,895	12,089,323	-	-
Amounts owed by group undertakings		-	26,977	-	-
Other debtors		54,334	178,171	-	-
Deferred tax assets	12	140,742	178,985	-	-
Income tax asset		244,088	203,988	-	-
Prepayments and accrued income		635,256	499,407	-	-
		<u>12,932,315</u>	<u>13,176,851</u>	<u>-</u>	<u>-</u>

#### 18 Cash at bank and in hand

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	1,036	1,088	-	-
Cash at bank	6,091,263	3,140,802	-	-
	<u>6,092,299</u>	<u>3,141,890</u>	<u>-</u>	<u>-</u>



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 19 Creditors

		Group		Company	
	Note	2020 £	2019 £	2020 £	2019 £
<b>Amounts falling due within one year</b>					
Trade creditors		5,146,870	4,107,784	-	-
Amounts due to group undertakings		447,814	-	4,915,245	3,559,849
Social security and other taxes		2,320,701	703,340	-	-
Outstanding defined contribution pension costs		6,037	113,398	-	-
Other payables		502,795	409,579	-	-
Income tax liability		70,349	61,150	46,083	46,083
Accruals and deferred income		5,772,945	4,852,855	-	-
		<u>14,267,511</u>	<u>10,248,106</u>	<u>4,961,328</u>	<u>3,605,932</u>
<b>Amount falling due after one year</b>					
Amounts due to related parties	27	<u>46,516,837</u>	<u>50,467,854</u>	<u>46,516,837</u>	<u>50,467,854</u>

Intercompany loans are denominated in GBP with a nominal interest rate of LIBOR + 7.27%, and the final instalment is due on 5 July 2025. The carrying amount at year end is £46,516,837 (2019 - £50,467,854).

#### 20 Provisions for liabilities

##### Group

	Deferred tax £	Total £
At 1 January 2020	255,389	255,389
Decrease in existing provisions	<u>(23,651)</u>	<u>(23,651)</u>
At 31 December 2020	<u>231,738</u>	<u>231,738</u>

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £349,119 (2019 - £371,031).

Contributions totalling £6,037 (2019 - £113,398) were payable to the scheme at the end of the year and are included in creditors.



# Novolex UK Holdings, Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 22 Called up Share capital

#### Allotted, called up and unpaid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

#### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

These shares carry voting rights and are entitled to dividends. There are no restrictions in place.

### 23 Reserves

#### Group

##### Profit and loss account

This reserve represents accumulated profits net of any distributions made to shareholders.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Foreign currency translation £	Total £
Foreign currency translation gains/(losses)	<u>405,662</u>	<u>405,662</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Foreign currency translation £	Total £
Foreign currency translation gains/(losses)	<u>(364,103)</u>	<u>(364,103)</u>

#### Company

##### Profit and loss account

This reserve represents accumulated profits net of any distributions made to shareholders.



# Novolex UK Holdings, Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 24 Obligations under leases and hire purchase contracts

#### Group

#### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	1,568,573	963,765
Later than one year and not later than five years	4,478,158	5,492,315
Later than five years	2,552,710	3,228,918
	<u>8,599,441</u>	<u>9,684,998</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,373,942 (2019 - £1,377,568).

### 25 Dividends

The directors are proposing a final dividend of £Nil (2019 - £Nil) per share.

### 26 Contingent liabilities

#### Group

A claim for an infringement of a patent was lodged during the financial year against a subsidiary. The subsidiary is defending the action and legal advice obtained suggests that it is unlikely a significant liability will arise. The directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

### 27 Related party transactions

#### Group

#### Summary of transactions with parent

Parent and the ultimate parent company

During the year the parent extended the company an interest only loan. Interest on this loan is charged at the LIBOR rate plus 7.27% with the principal amount repayable on 5 July 2025.

#### Loans to related parties

	Parent £	Total £
2020		
At start of period	26,977	26,977
Repaid	(26,977)	(26,977)
At end of period	<u>-</u>	<u>-</u>



# Novolex UK Holdings, Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2020

	Parent £	Total £
<b>2019</b>		
Advanced	375,931	375,931
Interest owed netted off loan due from parent	(348,954)	(348,954)
At end of period	<u>26,977</u>	<u>26,977</u>

### Loans from related parties

	Parent - Loan due in more than one year £	Parent - Loan due within one year £	Parent - Interest due within one year £	Total £
<b>2020</b>				
At start of period	50,467,854	-	-	50,467,854
Advanced	-	163,655	-	163,655
Repaid	(3,951,017)	-	(3,874,745)	(7,825,762)
Interest transactions	-	-	3,809,950	3,809,950
Reverse last years interest owed netted off loan due from parent	-	-	348,954	348,954
At end of period	<u>46,516,837</u>	<u>163,655</u>	<u>284,159</u>	<u>46,964,651</u>

	Parent - Loan due in more than one year £	Parent - Loan due within one year £	Parent - Interest due within one year £	Total £
<b>2019</b>				
At start of period	54,027,803	(63,470)	1,114,151	55,078,484
Repaid	(3,559,949)	63,470	(5,096,030)	(8,592,509)
Interest transactions	-	-	4,330,833	4,330,833
Interest owed netted off loan due from parent	-	-	(348,954)	(348,954)
At end of period	<u>50,467,854</u>	<u>-</u>	<u>-</u>	<u>50,467,854</u>

### Company

#### Loans from related parties

	Parent - Loan due in more than one year £	Parent - Loan due in less than one year £	Parent - Interest due within one year £	Total £
<b>2020</b>				
At start of period	50,467,854	(100)	348,954	50,816,708
Repaid	(3,951,017)	-	(3,874,745)	(7,825,762)
Interest transactions	-	-	3,809,950	3,809,950
At end of period	<u>46,516,837</u>	<u>(100)</u>	<u>284,159</u>	<u>46,800,896</u>



## Novolex UK Holdings, Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2020

	Parent - Loan due in more than one year £	Parent - Loan due in less than one year £	Parent - Interest due within one year £	Total £
<b>2019</b>				
At start of period	54,027,803	(100)	1,114,151	55,141,854
Repaid	(3,559,949)	-	(5,096,030)	(8,655,979)
Interest transactions	-	-	4,330,833	4,330,833
At end of period	<u>50,467,854</u>	<u>(100)</u>	<u>348,954</u>	<u>50,816,708</u>

#### 28 Parent and ultimate parent undertaking

The company's immediate parent is Novolex Holdings, LLC, incorporated in the United States of America.

The ultimate parent is Novolex Inc, incorporated in the United States of America.

The most senior parent entity producing publicly available financial statements is Novolex Inc. These financial statements are available upon request from East Carolina Avenue, Hartsville, South Carolina 29550.

#### 29 Non adjusting events after the financial period

On 5 August 2021 the company acquired the 100% shareholding of Vegware Holdings Limited, including its UK subsidiaries, for £25.8million. The acquisition was funded through intercompany loans.