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GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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Registered number: 00709093

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GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019



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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Joseph Paul Yost (resigned 20 April 2020) Eveline Maria Van de Rovaart Lauren Tashma Hilde Maria Willy Van Moeseke (resigned 20 April 2020) Stephen Richard Scherger Jean-Francois Roche (appointed 21 April 2020)
<b>Registered number</b>	00709093
<b>Registered office</b>	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
<b>Independent auditors</b>	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
<b>Bankers</b>	Bank of America 2 King Edward Street London EC1A 1HQ
<b>Solicitors</b>	Eversheds Sutherlands LLP 70 Great Bridgewater Street Manchester M1 5ES

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Introduction**

The Directors present their strategic report for the year ended 31 December 2019.

**Business review**

*The Company's principal activities are the manufacture and sale of carton board and paper based products for fast moving consumer goods in the UK.*

**Group restructure:-**

As noted in note 2.14 following final legal execution of the group restructuring in September 2019 the company acquired effective control of the UK subsidiaries of the wider Graphic Packaging Group. This company's immediate parent acquired effective control of all the remaining European subsidiaries of the wider Graphic Packaging Group.

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

	2019 £'000	2018 £'000	Change %
Turnover	93,777	91,016	3%
EBITDA	3,978	2,608	53%
Loss Before Tax	(894)	(1,592)	-44%
Net Assets	42,086	42,699	-1%
Current assets as a % of current liabilities ('quick ratio')	149	140	
Average Number of employees	424	434	-2%

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## GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Principal risks and uncertainties

Competitive pressure is a continuing risk, which could result in losing sales to key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but by dealing with all customer queries expeditiously, and by maintaining strong relationships with customers. The impact of BREXIT has been considered and is being monitored, however, the impact is not deemed material at this stage.

#### Interest rate risk

The company finances its operations through a mixture of equity and loans from Graphic Packaging International Europe UK Holdings Limited as well as group borrowings arising from a cash pool bank facility entered into with Bank of America plc.

#### Liquidity risk

The policy of the Company is to source working capital requirements from the company's parent company, Graphic Packaging International Europe UK Holdings Limited, as well as from bank loan facilities negotiated with Bank of America. The company also has the ability to sell third party trade receivables to RaboBank. As such the Company has access to wider Group banking arrangements which provide adequate funding to maintain the Company.

#### Currency risk

The Company publishes its financial statements in Sterling and conducts some business in foreign currency. As a result it is subject to foreign currency exchange rate movements which will affect the Company's transactions.

#### COVID 19

While COVID 19 has impacted operations in 2020, the health & safety of our workforce and continuation of supply to the retail food and drink industry has been our focus. Graphic Packaging has been able to adapt its procedures to ensure production continues whilst adhering to government guidelines. This has meant we have not seen a significant impact on revenue in this period. Our supply chain remains strong due to our vertically integrated business and sustainable supplies from Europe. Additional costs have occurred due to increased employee absence, cleaning routines, additional PPE and IT equipment to allow employees that can, to work from home. Debtors have been managed tightly to ensure bad debts are highly unlikely, however we continue to monitor all customers more closely by understanding the industry sector they supply. Some disruption has occurred to operational installations which were delayed to protect the manufacturing facility and our employees. The companies subsidiaries have seen similar challenges and have adopted the same approach to mitigating them.

Due to the ongoing developments around COVID 19 it is hard to know if there will be any significant ongoing implications to the business other than some degree of variation to the inflationary impact driven by the general downturn in the UK and European economy.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Directors' statement of compliance with duty to promote the success of the Company**

The Directors of Graphic Packaging International Europe UK Limited must act in accordance with a set of general rules detailed in the Companies Act 2006 and include Section 172 a duty to promote the success of the company:-

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 members 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 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.

Each of the Directors is mindful of their duties under Section 172 to run the Company for the benefit of its owners, and therefore, to take into account the long term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct. The Company recognises that it cannot operate in a vacuum and continuously interact in a responsible manner and have positive relationships with all of our stakeholders.

Delegation of authority – the board believes governance of the company is best achieved by delegation of its authority for the executive management of the company to the President of Europe (a director of this company), subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

Strategy and monitoring - The annual goals and objectives are set and cascaded from the parent company board by the US President and CEO. The European Management Team meet regularly to discuss the European businesses and to review the strategic decisions in place to meet the set goals and objectives. Key members of the European Management Team report to the US Management Team (which includes a director of this company) on a regular basis, discuss risks and to plan ahead. The board satisfies itself that emerging and principal risks to the company are identified and understood, systems of risk management, compliance and controls are in place to mitigate such risks and expected conduct of the company's business and its employees is reflected in a set of values established by the President of Europe.

The directors have identified the key stakeholders in the table below together with an explanation of why the stakeholder is key, how the directors interact with the stakeholder, what is discussed with the stakeholders and the outcomes of those interactions.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**


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WHO? STAKEHOLDER GROUP	WHY?	HOW?	WHAT?	OUTCOMES AND ACTIONS
<b>Our Investors</b>  Graphic Packaging Holding Company (GPHC) is our ultimate parent (see note 21) and is our main provider of capital funding	<p>Major capital projects require prior approval from the US management team to ensure that they are aligned with the overall strategic goals and objectives of GPHC.</p> <p>Treasury and Dividend policy</p>	<p>On an annual basis, the Long Range Plan (3 years) is prepared and submitted to GPHC for approval. This plan includes the capital requests including justification. Once the plan has been signed off, regular monthly meetings are conducted to review performance against the plan.</p> <p>The Treasury and Tax departments in the US regularly review the liquidity position in Europe</p>	<p>Internal Audit have an independent direct reporting line to the Audit Committee in the US and formally test and report on compliance with key financial regulations applied in our company. These include:-</p> <ul style="list-style-type: none"> <li>⇒ Testing the design and operation of financial controls within the Sarbanes-Oxley financial control framework</li> <li>⇒ Treasury policy</li> <li>⇒ Dividends policy</li> </ul>	<p>Internal audits are conducted on a regular basis. A significant proportion of this Company's subsidiaries were in scope for key controls testing (SOX) including the 10K.</p> <p>Process improvements are documented and reviewed on a regular basis.</p> <ul style="list-style-type: none"> <li>⇒ The general intent is to minimise net interest expense and manage funds and loans appropriately by balancing liquidity across Europe</li> <li>⇒ The general intent is to keep cash within Europe</li> </ul>
<b>Our Suppliers</b> A significant proportion of our main raw material is purchased internally from our associate companies in the US. Other materials are sourced from vendors with whom it is not uncommon for the business relationship to be mature and strategic.  Key metrics <ul style="list-style-type: none"> <li>⇒ Availability of sustainable certified products</li> <li>⇒ Monitoring of the integrity of contract commitments, in particular relating to volume commitments and applicable commercial conditions</li> </ul>	<p>Suppliers have an important role to play in the Company's success. We aim to build long term, honest, and respectful relationships with suppliers who maintain regulatory compliance and share our ethical standards and commitment to sustainability throughout the supply chain.</p>	<ul style="list-style-type: none"> <li>⇒ Direct engagement via a centralised procurement function</li> <li>⇒ Contracts and terms of business</li> <li>⇒ Long term business relationships</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Impact of Brexit on business continuity in our UK factories: our suppliers shared the plans they are putting in place, including focus on increased local sourcing.</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Maintain regular dialogue with suppliers to understand and mitigate risk with regard to Brexit</li> <li>⇒ An internal group has been set up to assess and address corporate risk relating to BREXIT. Work has been identified where we or the suppliers need to adapt depending on the various Brexit scenarios.</li> </ul>

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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WHO? STAKEHOLDER GROUP	WHY?	HOW?	WHAT?	OUTCOMES AND ACTIONS
<u><b>Our People</b></u>  We define workforce as the combination of employees and contractors.  Key metrics: ⇒ Board - 50% Female (2), 50% Male (2) ⇒ Workforce - 18% Female, 82% Male ⇒ Gender Pay Gap reporting - Mean 10.8%	Our workforce are an important asset and play a significant role in achieving our vision. Accordingly, we are focused on ensuring we have the right talent in the right roles at the right time.	⇒ Code of Conduct sets the culture ⇒ Mid-year plans critical components - talent acquisition, succession, development, and diversity and inclusion strategies ⇒ Engagement with unions ⇒ Intranet, newsletters, presentations, email, notices and post ⇒ Performance Management System – Success Factors with clear defined goals	⇒ Physical working conditions and environment (Health and Safety)  ⇒ Opportunities for development and training  ⇒ Communication	⇒ The Company has an established flexible working policy ⇒ The Company has a subsidised canteen on site ⇒ Mental health and wellbeing programme - 24/7 confidential helpline ⇒ The Company has increased internal and external training opportunities ⇒ Compulsory annual Code of Business Conduct and Ethics training ⇒ Gender Pay Reporting issued on company website
<u><b>Our Customers</b></u>  Our customers range from small, medium and large food manufacturers to retailers as well as associate GPI companies.	The Company strives to provide its customers with packaging solutions designed to deliver marketing and performance benefits at a competitive cost through its commitment to quality and service and where possible allow for vertical integration benefits to exist	⇒ Direct engagement with our customers to support their critical business objectives ⇒ Website ⇒ Industry associations & exhibitions ⇒ Contracts and terms of business	⇒ Product innovation and development (environmental, sustainability)  ⇒ Market conditions, customer service, value optimisation and product quality	⇒ The Company is actively working with customers on innovative design – for example KeelClip™  ⇒ Customers are often invited to site where the Sales, Design, Customer Service and Senior Management Teams can showcase product innovation as well as reviewing business activities, market conditions and discuss value optimisation.



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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**


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WHO? STAKEHOLDER GROUP	WHY?	HOW?	WHAT?	OUTCOMES AND ACTIONS
<u>Our Communities and Environment</u>  Our communities comprise those living and working in close geographic proximity to our operations and those who represent the needs of our communities including charities	We have a long history of environmental and social responsibility practices at the Company and we continue to improve our manufacturing processes  We encourage local community engagement as this is just one of the sources of future employees	⇨ Our parent company in the US supply us with our main material - paper-board - which is primarily from a renewable wood fibre, most of which can be recycled ⇨ Local school engagement ⇨ Charity related fundraising ⇨ Preparation for the Streamlined Energy and Carbon Reporting Framework (SECR)	⇨ Supporting local charities ⇨ School site visits ⇨ Recycling scheme on site ⇨ SECR preparation	⇨ The Company encourages employees to support local charities ⇨ Completed Educational sessions with two Schools & Leeds University ⇨ Recycling scheme introduced for the site has reduced waste to landfill ⇨ Engagement with manufacturing plants ⇨ Software installation ⇨ ESOS reporting December 2019

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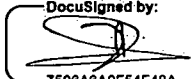
**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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This report was approved by the board and signed on its behalf:

DocuSigned by:  
  
7508A8A0F54F48A  
**Jean-Francois Roche**  
Director

Date: 8 December 2020

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## GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Results and dividends

The loss for the year, after taxation, amounted to £613 thousand (2018 - loss £1,586 thousand).

The dividend paid for the year was £NIL (2016: £NIL), no further dividends are proposed.

#### Directors

The directors who served during the year were:

Joseph Paul Yost , resigned 20 April 2020)  
Eveline Maria Van de Rovert  
Lauren Tashma  
Hilde Maria Willy Van Moeseke , resigned 20 April 2020)  
Stephen Richard Scherger

#### Going concern

The company records operating profit at or around break-even but the levels of EBITDA mean that the business generates cash before investing activities. The company is also the intermediate parent to a number of UK trading subsidiaries which operate in the same or similar sectors and in aggregate generate significant levels of cash. Despite the challenges of COVID 19 the business and its subsidiaries, whose products are principally used by suppliers to the retail food industry, have traded well through 2020 to date. Cash generated by the company and its subsidiaries is held in the group's European cash pool and is available for the company to draw down on demand if required. Neither the company nor subsidiaries have external debt. The directors have considered the profit projections and cash flow forecasts for the period to 31 December 2021. The expectation is that the company will continue to contribute to the European cash pool over that time frame but due to the fluctuations of its working capital cycle and investments in new plant there may be periods where the company needs access to the amounts deposited in the European cash pool.

The formal cash pooling agreement gives the company the right to borrow sums from the European cash pool instead of arranging an external bank overdraft. The company has also obtained a letter of support from its ultimate parent which would give access to additional funds in the unlikely event that the funds in the European pool can not be accessed as expected or are not sufficient to enable amounts to be borrowed.

In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group managements going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities.

Given the above the directors have a reasonable expectation that the company has adequate resources and if needed support to continue in operational existence for the foreseeable future. Thus the financial statements have therefore been prepared on a going concern basis.

#### Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

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## GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Future developments

With the addition of new machinery in recent years, profitability is expected to improve over the next 18 months combined with improvement in pricing of key customer contracts. The group will continue to focus on improving the customer and product mix while considering the potential impact of BREXIT and price inflation.

#### Engagement with employees

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

It is company policy and practice to keep employees informed on matters relevant to them as employees through regular meetings, notices and e-mails. Employees and employee representatives, where appropriate are consulted regularly on a wide range of matters affecting their interests.

Details of the number of employees and related costs can be found in note 6 to the financial statements.

For additional detail regarding 'Engagement with employees', please refer to the Strategic Report - Directors' statement of compliance with duty to promote the success of the Company from page 6.

#### Engagement with suppliers, customers and others

For detail regarding 'Engagement with suppliers, customers and others', please refer to the Strategic Report - Directors' statement of compliance with duty to promote the success of the Company from page 6.

#### Disclosure of information to auditors

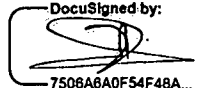
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Auditors

The auditors, Ernst & Young LLP, are not standing for re-appointment. PricewaterhouseCoopers LLP will be appointed as auditors from 2020 in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
7508A6A0F54F48A...  
Jean-Francois Roche  
Director

Date: 8 December 2020

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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### Opinion

We have audited the financial statements of Graphic Packaging International Europe UK Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss 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 below. 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.

### Emphasis of matter – Effect of COVID-19

We draw attention to Note 20 of the financial statements, which describe the economic and social consequences the company's subsidiaries are facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### Other information

The other information comprises the information included in the annual report (set out on pages 1 to 13), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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(CONTINUED)

### **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 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 directors' 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 set out on page 13, 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.

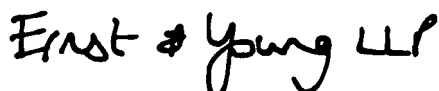
### **Auditor's responsibilities for the audit of the financial statements**

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.

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

### **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.



Peter Buckler (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP (Statutory Auditor)**

Leeds UK

8 December 2020

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £000	2018 £000
Turnover	4	93,777	91,016
Cost of sales		(82,903)	(82,303)
<b>Gross profit</b>		<u>10,874</u>	<u>8,713</u>
Distribution costs		(3,425)	(3,672)
Administrative expenses		(7,742)	(5,930)
<b>Operating loss</b>	5	<u>(293)</u>	<u>(889)</u>
Interest payable and similar expenses	8	(601)	(703)
<b>Loss before tax</b>		<u>(894)</u>	<u>(1,592)</u>
Tax on loss	9	281	6
<b>Loss for the financial year</b>		<u><u>(613)</u></u>	<u><u>(1,586)</u></u>



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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £000	2018 £000
Loss for the financial year		(613)	(1,586)
<b>Other comprehensive income</b>			
<b>Total comprehensive income for the year</b>		<b>(613)</b>	<b>(1,586)</b>

**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**  
**REGISTERED NUMBER:00709093**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	10	-	25
Tangible assets	11	22,718	25,756
		<u>22,718</u>	<u>25,781</u>
<b>Current assets</b>			
Stocks	13	11,437	11,169
Debtors: amounts falling due within one year	14	52,848	54,341
		<u>64,285</u>	<u>65,510</u>
Creditors: amounts falling due within one year	15	(43,031)	(46,424)
<b>Net current assets</b>		<u>21,254</u>	<u>19,086</u>
<b>Total assets less current liabilities</b>		<u>43,972</u>	<u>44,867</u>
<b>Provisions for liabilities</b>			
Deferred tax	16	(1,886)	(2,168)
		<u>(1,886)</u>	<u>(2,168)</u>
<b>Net assets</b>		<u><u>42,086</u></u>	<u><u>42,699</u></u>
<b>Capital and reserves</b>			
Share premium account		40,000	40,000
Profit and loss account		2,086	2,699
		<u>42,086</u>	<u>42,699</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 December 2020.

DocuSigned by:  
  
7508A6A0F54F48A...

**Jean-Francois Roche**  
Director

The notes on pages 20 to 35 form part of these financial statements.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2018</b>	-	40,000	4,285	44,285
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,586)	(1,586)
<b>Total comprehensive income for the year</b>	-	-	(1,586)	(1,586)
<b>At 1 January 2019</b>	-	40,000	2,699	42,699
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(613)	(613)
<b>Total comprehensive income for the year</b>	-	-	(613)	(613)
<b>At 31 December 2019</b>	-	40,000	2,086	42,086

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## GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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### 1. General information

Graphic Packaging International Europe UK Limited is a Company limited by shares incorporated in England and Wales. These financial statements present information about the Company as an individual undertaking and not about its group. The registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, United Kingdom, M1 5ES.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Graphic Packaging Holding Company includes the Company in its consolidated financial statements. The consolidated financial statements of Graphic Packaging Holding Company are prepared in accordance with US Generally Accepted Accounting Principles available to the public and may be obtained from Graphic Packaging International Limited, Filwood Road, Fishponds, Bristol, BS16 3SB. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

As the consolidated financial statements of Graphic Packaging Holding Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

The Company proposes to continue to adopt the reduced disclosure framework in its next financial statements.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The Company has transitioned to FRS 102 from International Financial Reporting Standards (IFRS's) as adopted by the European Union.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The presentational currency amounts are rounded to the nearest £'000.

The following principal accounting policies have been applied:

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.2 Going concern**

The company records operating profit at or around break-even but the levels of EBITDA mean that the business generates cash before investing activities. The company is also the intermediate parent to a number of UK trading subsidiaries which operate in the same or similar sectors and in aggregate generate significant levels of cash. Despite the challenges of COVID 19 the business and its subsidiaries, whose products are principally used by suppliers to the retail food industry, have traded well through 2020 to date. Cash generated by the company and its subsidiaries is held in the group's European cash pool and is available for the company to draw down on demand if required. Neither the company nor subsidiaries have external debt. The directors have considered the profit projections and cash flow forecasts for the period to 31 December 2021. The expectation is that the company will continue to contribute to the European cash pool over that time frame but due to the fluctuations of its working capital cycle and investments in new plant there may be periods where the company needs access to the amounts deposited in the European cash pool.

The formal cash pooling agreement gives the company the right to borrow sums from the European cash pool instead of arranging an external bank overdraft. The company has also obtained a letter of support from its ultimate parent which would give access to additional funds in the unlikely event that the funds in the European parent pool can not be accessed as expected or are not sufficient to enable amounts to be borrowed.

In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group managements going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities.

Given the above the directors have a reasonable expectation that the company has adequate resources and if needed support to continue in operational existence for the foreseeable future. Thus the financial statements have therefore been prepared on a going concern basis.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Profit and Loss Account within 'Administrative expenses'.

**2.4 Turnover / Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.6 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit plans**

The company is a participant in the Graphic Packaging UK Pension Scheme, which is a defined contribution and defined benefit scheme, and also in a separate stakeholder defined contribution scheme. These are in compliance with relevant local legislation. The assets of the funds are held separately from those of the group and are administered either by trustees, which include elected employee representatives, or in certain cases by independent experts.

The retirement benefit obligation is recognised in the balance sheet of the immediate parent company, Graphic Packaging International Europe UK Holdings Limited, which is the principal employer to the scheme (Graphic Packaging Pension Scheme) and although it has no employees, it is responsible for the majority of the members of the scheme and the liabilities for those members. Graphic Packaging International Europe UK Limited is a participating company of the scheme, and recognises a cost equal to their contribution payable for the period.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.7 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.8 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer Software	-	3	years
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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.9 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- Over 20 to 50 years
Plant and machinery	- Over 3 to 20 years
Fixtures and fittings	- Over 5 to 20 years
Computer equipment	- Over 3 to 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Construction in Progress (CIP) contains capital projects which have been approved but are currently in progress. The CIP will transfer to the Fixed Asset Register once the asset is confirmed operational. The depreciation starts in the following month of the asset being capitalised in the Fixed Asset Register.

**2.10 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.12 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.14 Group Restucture**

In December 2015, the Board of Directors approved the European restructure which placed Graphic Packaging International Europe UK Holdings Ltd ("GPIEUKH") as the parent of the majority of UK and European legal entities. The following stock transfers were recorded in this company:-

Graphic Packaging International Limited was transferred by GPIEUKH to Graphic Packaging International Europe UK Ltd in exchange for one share of Graphic Packaging International Europe UK Ltd (see note 12).

The shares are valued at the nominal value (£1.00) and the amount paid for each share was also the nominal value of each share (£1.00). Therefore, the consideration is recorded at the nominal value of the shares.

Due to an administrative error, the 2016 European Restructure was not correctly recorded in the UK until September 2019. As final execution of the documents was completed in 2019 this has been treated as a 2019 transaction. No penalties were awarded by HMRC.

**2.15 Prior Year Restatement**

Within the Creditors disclosure note the 2018 bank overdraft has been restated from 'Bank overdrafts' to 'Amounts owed to subsidiary undertakings'. The balance reflects the amount owed to subsidiaries and indirect subsidiaries through the cashpool facility (including cashpool interest). The amount restated is £15,520k. There is no impact on the profit and loss or net assets. This restatement has been made to bring the accounts in line with other European GPI entities.

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of the debtor and historical experience.

**(ii) Stock**

the company makes an estimate of the net realisable value of the stocks taking into account the aging and obsolescence of any stock held at 31 December 2019. Finished goods provisions of £207k have been provided for. (2018, £161k was recognised).

Critical accounting judgements in applying the company's accounting policies;

The company does not make any critical judgements in applying the entity's accounting policies.

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>92,343</b>	<b>90,804</b>
Rest of Europe	<b>1,402</b>	<b>212</b>
Rest of the world	<b>32</b>	<b>-</b>
	<b>93,777</b>	<b>91,016</b>

**5. Operating loss**

The operating loss is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>4,246</b>	<b>3,472</b>
Amortisation of intangible assets	<b>25</b>	<b>25</b>
Fees payable to the company's auditors and its associates for the audit of the company's financial statements	<b>76</b>	<b>109</b>
Exchange differences	<b>526</b>	<b>(33)</b>
Other operating lease rentals	<b>466</b>	<b>437</b>
Defined contribution pension cost	<b>539</b>	<b>504</b>

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	13,707	13,909
Social security costs	1,424	1,441
Cost of defined contribution scheme	539	504
	<u>15,670</u>	<u>15,854</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Manufacturing	311	322
Administration	113	112
	<u>424</u>	<u>434</u>

**7. Directors' remuneration**

	2019 £000	2018 £000
Directors' emoluments	68	58
	<u>68</u>	<u>58</u>

None of the directors are members of a money purchase pension scheme.

All the directors are also directors of other group companies. This is the UK apportionment of their salary which relates to qualifying services undertaken in respect of Graphic Packaging International Europe UK Limited.

**8. Interest payable and similar expenses**

	2019 £000	2018 £000
Bank interest and interest payable to group companies	601	703
	<u>601</u>	<u>703</u>

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**9. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Adjustments in respect of prior periods	6	(317)
Adjustments in respect of previous periods	(6)	317
	-	-
	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Current year (Credit)/Charge	(274)	(82)
Adjustments in respect of prior periods	(7)	76
<b>Total deferred tax</b>	(281)	(6)
<b>Taxation on loss on ordinary activities</b>	(281)	(6)

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) on ordinary activities before tax	894	(1,592)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(170)	(302)
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	4	35
Adjustments to tax charge in respect of prior periods	(6)	76
Tax adjustment in intercompany loan	153	154
Ineligible depreciation	34	34
Rate changes	32	10
Group relief surrendered	(328)	(13)
<b>Total tax charge for the year</b>	(281)	(6)

**Factors that may affect future tax charges**

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**9. Taxation (continued)**

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

**10. Intangible assets**

	<b>Computer software £000</b>
At 1 January 2019	287
Disposals	(287)
At 31 December 2019	-
At 1 January 2019	262
Charge for the year on owned assets	25
On disposals	(287)
At 31 December 2019	-
<b>Net book value</b>	
At 31 December 2019	-
<i>At 31 December 2018</i>	<i>25</i>
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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**11. Tangible fixed assets**

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Construction in progress £000	Total £000
<b>Cost</b>						
At 1 January 2019	10,071	40,429	48	1,883	206	52,637
Additions	-	929	-	279	-	1,208
Disposals	-	(727)	(48)	(1,623)	-	(2,398)
At 31 December 2019	10,071	40,631	-	539	206	51,447
<b>Depreciation</b>						
At 1 January 2019	2,930	22,249	46	1,656	-	26,881
Charge for the year on owned assets	179	3,941	1	124	-	4,245
Disposals	-	(727)	(47)	(1,623)	-	(2,397)
At 31 December 2019	3,109	25,463	-	157	-	28,729
<b>Net book value</b>						
At 31 December 2019	6,962	15,168	-	382	206	22,718
At 31 December 2018	7,141	18,181	1	227	206	25,756

The net book value of land and buildings may be further analysed as follows:

	2019 £000	2018 £000
Freehold	6,962	7,142
	<u>6,962</u>	<u>7,142</u>

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**12. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
DIRECT HOLDING:-		-	%
Graphic Packaging International Ltd	a)	Ordinary	100%
INDIRECT HOLDING:-		-	%
New Materials Ltd	a)	Ordinary	100%
Graphic Packaging International Foodservice Europe Ltd	b)	Ordinary	100%
Graphic Packaging International UK Finance Limited	a)	Ordinary	100%
Shoo 553 Limited	a)	Ordinary	100%
Graphic Packaging International Box Holdings Limited	a)	Ordinary	100%
Graphic Packaging International Bardon Limited	a)	Ordinary	100%
Graphic Packaging International Gateshead Limited	a)	Ordinary	100%
Graphic Packaging International Distribution Limited	a)	Ordinary	100%
Print Design & Graphics Limited	a)	Ordinary	100%

Registered office:-

a) Eversheds House, 70 Great Bridgewater Street, Manchester, United Kingdom, M1 5ES

b) Units 10 & 11 Navigation Park Road One, Winsford Industrial Est, Winsford, Cheshire, CW7 3RL

**13. Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	3,392	3,442
Work in progress	1,774	2,803
Finished goods and goods for resale	6,271	4,924
	<b>11,437</b>	<b>11,169</b>

Stock recognised in cost of sales during the year as an expense was £58.7m (2018 - £61.3m).

An impairment loss of £228k (2018 - £213k) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

**14. Debtors: Amounts falling due within one year**

	<b>2019</b>	<i>Restated</i> <b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	15,478	17,629



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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**14. Debtors: Amounts falling due within one year (continued)**

Amounts owed by parent undertakings	32,239	32,513
Amounts owed by subsidiary undertakings	4,253	2,974
Amounts owed by other associated group undertakings	385	1,668
Other debtors	8	9
Prepayments and accrued income	485	(452)
	<u>52,848</u>	<u>54,341</u>

Debtors have been restated for 2018 due to finalisation of group restructure - see note 2.15 for further details.

**15. Creditors: Amounts falling due within one year**

	2019 £000	<i>Restated</i> 2018 £000
Trade creditors	10,738	11,961
Amounts owed to parent undertakings	7,255	4,405
Amounts owed to subsidiary undertakings	17,410	21,798
Amounts owed to other associated group undertakings	1,133	2,077
Corporation tax	1,465	1,465
Other taxation and social security	1,109	1,212
Accruals and deferred income	3,921	3,506
	<u>43,031</u>	<u>46,424</u>

Creditors have been restated for 2018 due to finalisation of group restructure - see note 2.15 for further details.

**16. Deferred taxation**

	2019 £000	2018 £000
At beginning of year	(2,167)	(2,174)
Charged to profit or loss	281	6
<b>At end of year</b>	<u>(1,886)</u>	<u>(2,168)</u>

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**GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED**

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**16. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	(1,886)	(2,167)
	<u>(1,886)</u>	<u>(2,167)</u>

**17. Share capital**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
200 (2018 - 200) Ordinary Shares shares of £1.00 each	-	-
39,999,960 (2018 - 39,999,960) Share Premium shares of £1.00 each	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
<b>Allotted, called up and fully paid</b>		
143 (2018 - 142) Ordinary Shares shares of £1.00 each	-	-

As noted in 2.14 the legal execution of the European reorganisation was recognised September 2019. One ordinary 1 pound share was issued at par with no share premium in exchange for the acquisition of Graphic Packaging International Limited.

**18. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Within one period	382	412
Within two to five period	646	737
After five periods	3	31
	<u>1,031</u>	<u>1,180</u>

**19. Related party transactions**

The company has taken advantage of the exemption, as permitted by paragraph 1(A) of chapter 33 of FRS102, not to disclose related party transactions between fellow wholly owned subsidiaries within the Group. There have been no related party transactions in the year other than those wholly owned subsidiaries within the Group.

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## GRAPHIC PACKAGING INTERNATIONAL EUROPE UK LIMITED

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### 20. Post balance sheet events

The COVID-19 outbreak subsequent to the year end, whilst a non-adjusting event for these financial statements, may have an impact on the results for future years of either this company or its subsidiaries. Due to restrictions implemented by various Governments to mitigate the spread of COVID-19, the company's subsidiaries have had to adapt certain working practices and keep supply chain under constant review but have remained profitable. The company and its subsidiaries have implemented a comprehensive set of actions to respond to the challenges impacting the supply chain and distribution channels during this period. The full impact of the pandemic remains uncertain as the situation is still unfolding around the world and there still may be further effects for the geographies the company obtains product from. There is currently no expectation of any impairments to investments or amounts owed by subsidiary companies as a result of COVID 19 but the threat, remote though it is remains.

### 21. Controlling party

The Company's immediate parent undertaking is Graphic Packaging International Europe UK Holdings Ltd, a company incorporated in the United Kingdom. The ultimate parent company and ultimate controlling party is Graphic Packaging Holding Company, a company incorporated in the United States of America.

The smallest and largest group of which the company is a member and for which group financial statements are prepared is Graphic Packaging Holding Company. A copy of the financial statements can be obtained from:

Graphic Packaging International Europe UK Limited  
Cockburn Fields  
Middleton Grove  
Leeds  
LS11 5LX