A. P. S. (HOLDINGS) LIMITED

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

COMPANY INFORMATION

Directors	M Thurland K Kalirai M Leon A Assiss
Secretary	K Kalirai
Registered number	1811473
Registered office	Automated Packaging Systems Enigma Business Park Sandy's Road Malvern Worcestershire United Kingdom WR14 1JJ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cambridge CB4 0DS
Principal bankers	National Westminster Bank Plc PO Box 666 Ashton House Waterloo Street Bolton BL1 8FH

Registered Number: 01811473

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction
The Group is engaged in the sale of automated packaging systems to its customers which enable them to reduce their overall packaging cost and improve the appearance and performance of the finished package that they sell to their end user customer.

The Group also provides void fill and protective packaging systems. The systems in both sectors comprise specific machinery and system matched bags and pouches.

Business review
The loss for the year after taxation amounted to £13,822,918 (2018: loss - £425,557).
The Group saw a decline in revenue of -26.7% (2018: 6.3%) during 2019. This was due to the Company's Brexit planning. From 1 January 2019, sales previously recorded in the German branch were split from the UK business to be sold by APS Automated Packaging System GmbH & Co KG.

The significant increase in operating loss is due to the crystallisation of the company's post-employment benefit scheme, the DICS provision, which attracted an enhanced value upon sale of the Company to Sealed Air Corporation.

A significant element of this provision is due for settlement within 12 months of the financial statements date, explaining the reduction of current assets as a % of current liabilities.

Non-financial key performance indicators including health and safety, energy efficiency and waste management are all principal areas of focus for the company.

The Group has set goals to reduce land fill waste to zero and reduce energy/water/GHG by 2%per annum, monitoring and reviewing the level on a monthly basis. There is an initiative to lead the innovation of sustainable packaging solutions to be 100% recyclable or reusable by 2025.

These goals along with any accidents or near misses that may occur are tracked as part of the supply chain finance metrics on a monthly basis.

Principal risks and uncertainties
The main costs of the business are plastic resins, energy, and staff costs. Resin costs decreased during 2019, They remain lower in 2020, but are likely to increase if producers decide to reduce capacity.

Energy costs are a significant part of overall costs and so the Group has targets as part of its ISO14001 accreditation to continually reduce the energy intensiveness of its operations.

This report was approved by the board on 30th March 2021 and signed on its behalf.

Karen Kalirai
Director
Date signed 30/3/21

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Results & Dividends
Refer to the Group Strategic report for the key risks and KPIs.

Directors
The directors who served during the year were:
M Thurland
K Kalirai
M Leon
A Assiss

Directors' Responsibilities Statement
The directors are responsible for preparing the Group strategic report, the Directors' report, and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on

and signed on its behalf.

Kalirai.
Karen Kalirai
Director
Date signed 30/03/21

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

	Notes	2019	2018
		£	£
Turnover	4	**28,076,506**	38,298,273
Cost of sales		**(17,940,104)**	(21,367,831)
Gross profit		**10,136,402**	16,930,442
Distribution costs		**(1,214,584)**	(3,009,718)
Administrative expenses		**(22,204,570)**	(13,955,039)
Operating (loss)/ profit	5	**(13,282,752)**	(34,315)
Interest receivable and similar income	9	**927**	2,587
Interest payable and similar charges	10	**(18,299)**	(4,244)
Other finance income		**62,000**	26,000
(Loss)/ profit before taxation		**(13,238,124)**	(9,972)
Tax on (loss)/ profit	11	**(584,794)**	(415,585)
(Loss)/ profit for the financial year		**(13,822,918)**	(425,557)
Currency translation differences		**22,927**	4,018
Actuarial gains on defined benefit pension scheme		**(528,000)**	712,000
Movement of deferred tax relating to pension deficit		**42,500**	(189,380)
Other comprehensive income for the year		**(462,573)**	526,638
Total comprehensive income for the year		**(14,285,491)**	101,081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes		2019		2018
			£		£
Fixed assets					
Tangible assets	13		7,081,364		8,284,554
Investments	14		1,109,397		1,782,336
			8,190,761		10,066,890
Current assets					
Stock	15	2,205,173		3,789,483	
Debtors: amounts falling due within one year	16	3,975,237		5,884,021	
Cash at bank and in hand	17	3,163,546		5,430,831	
		9,343,956		15,104,335	
Creditors: amounts falling due within one year	18	(10,927,071)		(3,442,319)	
Net current (liabilities)/assets			(1,583,115)		11,662,016
Total assets less current liabilities			6,607,646		21,728,906
Creditors: amounts falling due after more than one year	19		(758,836)		(1,390,311)
Provisions for liabilities					
Other provisions	23	(18,905,724)		(13,953,806)	
			(18,905,724)		(13,953,806)
Pension assets	27		1,766,000		2,016,000
Net (liabilities)/assets			(11,290,914)		8,400,788
Capital and reserves					
Called up share capital	24		2		2
Other reserves	25		2,047,000		2,047,000
Profit and loss account	25		(13,337,916)		6,353,786
Total shareholders' funds			(11,290,914)		8,400,788

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

Kalirai

Karen Kalirai

Director

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes		2019		2018
			£		£
Fixed assets					
Investments	14		1,782,336		1,782,336
			1,782,336		1,782,336
Current assets					
Debtors: amounts falling due within one year	16	2		2	
Total assets less current liabilities			1,782,338		1,782,338
Creditors: amounts falling due within one year	19		(758,836)		(758,836)
Net current (liabilities)/assets			1,023,502		1,023,502
Capital and reserves					
Called up share capital	24		2		2
Other reserves	25		(2)		(2)
Total shareholders' funds			-		-

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in their financial statements.

The profit after tax of the parent company for the year was £Nil.
The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Karen Kalirai

Director

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

	Called-up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	2	2,047,000	7,651,835	9,698,837
Comprehensive income for the year				
Loss for the year	-	-	(425,557)	(425,557)
Currency translation differences	-	-	(14,798)	(14,798)
Actuarial gains on pension scheme	-	-	712,000	712,000
Deferred tax movements	-	-	(189,380)	(189,380)
Unknown Movement	-	-	18,816	18,816
Other comprehensive income for the year	-	-	526,638	526,638
Total comprehensive income for the year	-	-	101,081	101,081
Dividends: Equity capital	-	-	(3,181,466)	(3,181,466)
Total transactions with owners	-	-	(3,181,466)	(3,181,466)
At 1 January 2019	2	2,047,000	4,571,450	6,618,452
Comprehensive income for the year				
Loss for the year	-	-	(13,822,918)	(13,822,918)
Currency translation differences	-	-	22,927	22,927
Actuarial loss on pension scheme	-	-	(528,000)	(528,000)
Deferred tax movements	-	-	42,500	42,500
Unknown movement			-	-
Total comprehensive income for the year	-	-	(14,285,491)	(14,285,491)
Dividends: Equity capital	-	-	(3,919,683)	(3,919,683)
Total transactions with owners	-	-	(3,919,683)	(3,919,683)
At 31 December 2019	2	2,047,000	(13,633,726)	(11,586,721)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Cash flows from operating activities		
(Loss)/profit for the financial year	(13,822,918)	(425,557)
Adjustments for:		
Allowance for doubtful debts no longer required		
Depreciation of tangible assets	1,120,042	1,441,668
Loss/(profit) on disposal of tangible assets	(329)	3,887
Interest paid	18,299	4,244
Interest received	(927)	(23,413)
Taxation charge	530,733	604,965
Decrease in stocks	1,584,309	(273,614)
Decrease in debtors	1,474,036	(188,972)
Decrease in amounts owed by groups	37,845	73,346
(Decrease)/increase in creditors	(493,198)	(570,857)
Increase in amounts owed to groups	8,347,349	(338,016)
Increase/(decrease) in provisions	5,720,003	6,117,574
Contributions to defined benefit scheme	(216,000)	(376,000)
Net fair value losses/(gains) recognised in P&L	-	54,001
Corporation tax (paid)	(530,733)	(1,540,871)
Foreign exchange movements	-	(47,640)
	3,768,512	4,514,745
Net cash generated from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1,203,190)	(462,850)
Sale of tangible fixed assets	-	-
Interest received	(927)	(2,587)
Net cash (outflow) / inflow from investing activities	(1,204,117)	(465,437)
Cash flows from financing activities		
Repayment of loans	-	(106,885)
Dividends paid	(3,919,683)	(3,181,466)
Interest paid	(18,299)	(4,244)
Net cash used in financing activities	(3,937,982)	(3,292,595)
Net increase in cash and cash equivalents	(1,373,588)	756,713
Cash and cash equivalents at beginning of year	5,430,831	4,674,118
Cash and cash equivalents at the end of year	4,057,243	5,430,831
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,057,243	5,430,831
	4,057,243	5,430,831

1 General Information

The company is a private company limited by shares and incorporated in England and Wales. The registered office is Automated Packaging Systems, Enigma Business Park, Sandy's Road, Malvern, Worcestershire, WR14 1JJ.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Company and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 the following conditions are satisfied:
- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

2.4 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.

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	- 25 years
Plant & machinery	- 6 months - 10 years
Fixtures & fittings	- 6 months - 5 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 the Consolidated statement of comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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 weighted average 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.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

Accounting policies (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.
Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives comprising forward foreign exchange contracts are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.
Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 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.

2.11 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 that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Operating leases: as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight-line basis over the lease term.

2.15 Pensions

Defined benefit pension plans

The Group operates a defined benefit pension scheme and the pension charge is based on an actuarial valuation dated 31 December 2016.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Consolidated statement of comprehensive income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in Other comprehensive income.

Accounting policies (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Consolidated Statement of Financial Position.

Defined contribution pension plans

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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 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 Group 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 reporting date.

Accounting policies (continued)

3. Judgements in applying accounting policies and key sources of estimation uncertainty
Accounting policies where management or experts appointed by management are required to apply their judgement toward the determination of amounts, periods and/or percentages which cannot be determined precisely due to a level of estimation uncertainty, included the following:

By Management:

Provision for doubtful debt. Refer to Note 16.
Provision for inventory write-off. Refer to Note 15.
Depreciation rates for Property, plant, and equipment. Refer to Note 13.
DICs Provision. Refer to Note 23.

By experts appointed by management:

Defined benefit pension scheme assumptions. Refer to Note 27

4. Turnover
The whole of the turnover is attributable to one principal activity of the group. All turnover arose in the United Kingdom, Europe, and rest of the world.

The geographical analysis of turnover, based on country of customer, is as follows:

	Group	Group
	2019	2018
	£	£
United Kingdom	**13,201,291**	13,816,267
Europe	**14,674,171**	24,390,590
Rest of the World	**201,043**	91,416
	28,076,505	38,298,273

The category analysis of turnover, based on segments, is as follows:

	Group	Group
	2019	2018
	£	£
Sales of goods	**27,345,909**	37,567,104
Rendering of services	**730,596**	731,169
	28,076,505	38,298,273

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

5. Operating (Loss)/ Profit

The operating Loss is stated after charging/(crediting):

	2019	2018
	£	£
Research & development charged as an expense		-
Depreciation of tangible fixed assets	1,120,042	1,441,668
Operating lease expenditure	164,498	433,689
Exchange differences	18,666	48,439
Bad debt written off	-	-
Loss/ (profit) on sale of assets	329	3,887
Hire of plant and machinery		-

Restructuring items include other costs of £ (2013: £nil) in relation to the development of a new European Principal Company structure.

Restructuring items also include employee costs of £ (2013: £nil) associated with the continued development of the new pan-European management structure.

6. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	58,000	41,971

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

7. **Employees**

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

	Group	Group
	2019	2018
	£	£
Wages and salaries	**13,763,989**	7,650,502
Social security costs	**1,670,367**	714,830
Other pensions costs	**301,649**	707,594
	15,736,005	9,072,926

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

	2019	2018
	No.	No.
Production and administration	**149**	153
Sales and service	**29**	47
	178	200

8. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	**223,887**	354,409
Company contributions to money purchase pension schemes	**35,356**	69,005
	259,243	423,414

The highest paid director received remuneration of £128,882 (2018 - £206,284).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,668 (2018 - £34,753).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

9. Interest receivable and similar charges

	2019	2018
	£	£
Other interest receivable	927	2,587
	927	2,587

10. Interest payable and similar charges

	2019	2018
	£	£
Bank interest payable	18,299	-
Finance leases and hire purchase contracts	-	4,244
	18,299	4,244

11. Tax on loss

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	(584,794)	886,134
Adjustments in respect of previous periods	7,716	(5,131)
	(577,078)	881,003
Double taxation relief	-	(349,054)
	(577,078)	531,949
Foreign tax		
Foreign tax on income for the year	-	226,549
Tax (credit)/charge on loss	(577,078)	758,498
Deferred tax		
Origination and reversal of timing differences	1,103,025	(342,965)
Adjustment for prior periods	7,742	-
Taxation on profit on ordinary activities	533,689	415,533

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

11b. Tax on loss (continued)

Factors that may affect future tax charges:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2019	2018
	£	£
(Loss)/ profit on ordinary activities before tax	(13,238,125)	(9,972)
Profit on ordinary activities multiplied by standard rate of corporation tax		
in the UK of 19%	(2,515,244)	(1,869)
Effects of:		
Expenses not deductible for tax purposes	114,143	282,621
Foreign taxation and foreign exchange movement	-	297,289
Adjustment to tax charge in respect of prior periods	7,716	(5,131)
Impact of change in tax rate	201,701	(6)
Double taxation relief	-	(349,054)
Other timing difference	(41,008)	-
Release of deferred tax asset and temporary differences not recognised	2,811,875	-
Group relief	5,611	-
Permanent differences	-	191,735
Total tax (credit)/charge for the year	584,794	415,585

12. Dividends

	2019	2018
	£	£
Dividends paid on equity capital	3,919,683	3,181,466

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

13. Tangible Assets-Group

	Freehold Property	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2019	9,882,166	16,211,516	1,152,213	27,245,895
Additions	76,657	1,465,684	16,452	1,558,793
Disposals	(1,728,168)	(2,453,171)	(256,869)	(4,438,208)
Exchange adjustments	-	-	-	-
At 31 December 2019	8,230,655	15,224,029	911,796	24,366,480
Accumulated Depreciation				
At 1 January 2019	4,293,089	13,806,858	861,394	18,961,341
Charge for the year	336,920	666,823	116,299	1,120,042
Disposals	(140,509)	(2,424,477)	(231,281)	(2,796,267)
Exchange adjustments	-	-	-	-
At 31 December 2019	4,489,500	12,049,204	746,412	17,285,116
Net book value				
At 31 December 2019	3,741,155	3,174,825	165,384	7,081,364
At 31 December 2018	5,589,077	2,404,658	290,819	8,284,554

14. Fixed asset investments
Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of Shares	Holding	Principal activity
Automated Packaging Systems Limited	Ordinary	100%	Manufacture of packaging products
Polyrol Limited	Ordinary	100%	Manufacture of packaging products
Automated Packaging Systems GmbH & Co. KG	Ordinary	100%	Sales of packaging products and equipment

Company	Investment in subsidiary companies
Cost	£
At 1 January 2019	1,782,336
At 31 December 2019	3,564,672
Net book value	
At 31 December 2019	3,564,672
At 31 December 2018	1,782,336

On 1 January 2019, the trade and net assets of the German branch were transferred to Automated Packaging Systems GmbH & Co. KG for an amount equal to book value.

The cost of the investment recognised in the Company financial statements is equal to the book value of the assets transferred.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

15. Stock

	Group 2019 £	Group 2018 £
Raw materials and consumables	**696,857**	1,685,732
Work in progress (goods to be sold)	**8,618**	2,368
Finished goods and goods for resale	**1,499,698**	2,103,750
	2,205,173	3,791,850

The stock stated after provision for impairment of £264,915 during 2019 (2018: £407,950).

16. Debtors

	Group 2019 £	Group 2018 £
Trade debtors	**2,239,927**	3,719,010
Amounts owed by group undertakings	**269,461**	307,306
Other debtors	**85,074**	145,810
Current tax assets	**676,543**	-
Deferred tax assets	**587,516**	1,355,604
Prepayments and accrued income	**116,714**	356,289
Called up share capital not paid	**2**	2
	3,975,237	5,884,021

The bad debt provision increased to £40,489 (£2018: £10,000) during 2019.

17. Cash and cash equivalents

Cash at bank and in hand comprise the following:	Group 2019 £	Group 2018 £
Cash at bank and in hand	**3,163,546**	5,430,831
	3,163,546	5,430,831

18. Creditors	Group 2019 £	Group 2018 £
Amounts due within one year:		
Bank loan	-	120,285
Trade creditors	478,947	972,144
Amounts owed to group undertakings	9,199,837	852,488
Other taxation and social security	78,912	109,704
Obligations under finance lease and hire purchase contracts	-	9,540
Accruals and deferred income	1,169,376	1,350,447
Derivative contracts	-	27,711
	10,927,072	3,442,319

19. Creditors: Amounts falling due after more than one year	Group 2019 £	Group 2018 £
Bank loans (note 20)	-	631,475
Amounts owed to group undertakings	758,836	758,836
	758,836	1,390,311

20. Loans	Group 2019 £	Group 2018 £
Amounts falling due within one year		
Bank Loans	-	120,285
Amounts falling due 2-5 years		
Bank Loans	-	631,475
	-	751,760

German Loan (Bankhaus C.L Seeliger):
Bank loan fully paid during this financial period.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

21. Financial instruments

	Group 2019 £	Group 2018 £
Financial assets		
Financial assets measured at amortised cost	5,672,935	9,457,147
Financial liabilities		
Financial instruments measured at fair value	-	(27,711)
Financial liabilities measured at amortised cost	(9,678,784)	(4,476,435)
	(9,678,784)	(4,504,146)

Financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade and other payables, provisions, and bank loans.

Financial liabilities measured at fair value through profit and loss comprise foreign currency derivative contracts.

Valuation method
All derivative financial instruments are measured using the "mark to market" value of the financial instrument at the reporting date.

This technique calculates the present value of the future cash flows relating to the instrument based on the foreign exchange rates and interest rates prevailing at the reporting date.

22. Deferred taxation

Group	Group 2019 £	Group 2018 £
At beginning of year	1,355,604	1,202,071
Credited to profit or loss	531,570	342,913
Charged to other comprehensive income	42,500	(189,380)
At end of year	1,929,674	1,355,604

At end of year	Group 2019 £	Group 2018 £
Accelerated capital allowances	42,500	42,848
Other timing differences	(41,008)	1,312,756
	1,492	1,355,604

23. Provisions

Group	DICs Provision
At 1 January 2019	£
DICS provision due within one year	9,530,606
DICS provision due after more than one year	9,375,119
At 31 December 2019	18,905,725

The DICS provision is a provision for the group's employee deferred payment scheme and is based upon the expected service life of employees.

When the Company became part of the Sealed Air group, the scheme rules were altered so that payments become due to the employees in 3 approximately equal instalments (December 2019, June 2020 & June 2021).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

24. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
2 (2019 - 2) Ordinary shares of £1.00 each	2	2

The directors have proposed and paid a dividend of £3,829,684 in 2019 (2018: £3,181,466).

25. Reserves

Other reserves
Includes a capital contribution from the ultimate parent company.

Profit & loss account
Includes all current and prior period retained profits and losses.

26. Capital commitments

The estimated value of the capital commitments at 31 December 2019 is £Nil (2018: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

27. **Pension commitments**

Defined contribution pension schemes

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

The pension cost charge represents contributions payable by the Group to the fund and amounted to £300,911 (2018: £376,130).

The Group operates a Defined benefit pension scheme.

Year ended 31 December 2019
Reconciliation of present value of plan liabilities:

	2019	2018
Reconciliation of present value of plan assets	**£**	£
At the beginning of the year	**2,016,000**	902,000
Interest income	**62,000**	26,000
Actuarial gains	**(528,000)**	712,000
Contributions	**216,000**	376,000
At the end of the year	1,766,000	2,016,000

Composition of plan liabilities:

	2019	2018
	£	£
Present value of fund obligations	**(7,150,000)**	(6,412,000)

Composition of plan assets:

	2019	2018
	£	£
Fair value of scheme assets	**8,916,000**	8,428,000
Present value of plan net assets	**1,766,000**	2,016,000

The amounts recognised in profit or loss are as follows:

	2019	2018
	£	£
Interest on obligation	**(184,000)**	(164,000)
Expected return on scheme assets	**246,000**	190,000
Total	62,000	26,000

Reconciliation of fair value of plan liabilities were as follow:

	2019	2018
	£	£
Opening fair value of scheme assets	**8,428,000**	7,798,000
Expected return on assets	**246,000**	190,000
Actuarial gains and (losses)	**143,000**	178,000
Contributions by employer	**216,000**	376,000
Benefits paid	**(117,000)**	(114,000)
Total	**8,916,000**	8,428,000

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

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	2019	2018
	%	%
Discount rate at 31 December	2.1	2.9
Expected return on scheme assets at 31 December	3.68	4.24
Consumer price inflation (CPI)	2.1	2.2
Pension increases		
- CPI maximum 5%	2.1	2.2
- CPI maximum 2.5%	1.7	1.7
Deferred pension revaluation (CPI 5% cap)	2.1	2.2

Mortality follows the standard table known as S2PA, using 100% of the base table with the CMI_2018 mortality projections with a long-term rate of improvement of 1.25%.

The mortality assumptions used at the previous year end followed the standard table known as S1PA, using 90% of the base table with the CMI_2015 mortality projections with a long-term rate of improvement of 1.25%.

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes	**2019**	2017	2016
	£	£	£
Defined benefit obligation	**(7,150,000)**	(6,896,000)	(7,477,000)
Scheme assets	**8,916,000**	7,798,000	7,054,000
Surplus	**1,766,000**	902,000	(423,000)

	2019	2017	2016
	£	£	£
Experience adjustments on scheme assets	**143,000**	358,000	255,000
Experience adjustments on scheme liabilities	**(671,000)**	597,000	(1,559,000)
Actuarial gains/(losses)	**(528,000)**	955,000	(1,304,000)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

28. Commitments under operating leases

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

	2019	2018
	£	£
Not later than 1 year	110,126	208,229
Later than 1 year and not later than 5 years	93,080	225,460
Later than 5 years	-	-
	203,206	433,689

29. Related party transactions

During the year the group made sales and recharged expenses in the ordinary course of business to Automated Packaging Systems Europe, a fellow group undertaking, totalling £5,640,401 and £234,133 respectively (2018: £5,682,464 and £177,940) and Automated Packaging Systems GmbH & Co. KG totalling £6,708,182 and £146,750 respectively.

Additionally, during the year the group recharged expenses in the ordinary course of business to Automated Packaging Systems LLC totalling £41,675 (2018: £5,472).

In the ordinary course of business, the group purchased goods from Automated Packaging Systems LLC at a total cost of £4,105,815 (2018: £6,811,747).

Amounts owed by and to group undertakings are disclosed in notes 16 and 19.

30. Controlling party

The immediate parent undertaking is Automated Packaging Systems LLC incorporated in the United States of America.

The ultimate parent undertaking and controlling party is Sealed Air Corporation. The largest and smallest group into which the results of the Company are consolidated is that headed by Sealed Air Corporation. Consolidated financial statements are available from Sealed Air Corporation's head office at:

2415 Cascade Point Boulevard
Charlotte
North Carolina
28273
USA

31. Post balance sheet event note

The outbreak of COVID-19 is considered to be a non-adjusting post balance sheet event.

The year to date June 2020 turnover has experienced a 12% decrease in comparison to June 2019. The reduction in sales has been offset in part by the decrease in resin prices in the first half of 2020, causing our cost of goods sold to decrease.

Due to the negative impact of COVID-19 on the wider economic environment, the Company experienced an 11% drop in the value of the assets held by the defined benefit pension scheme in March 2020. If the scheme requires future support for any deficit arising, the Company will approach Sealed Air Corporation for a cash injection to the plan.

In March of 2020, a decision was made that all office-based staff should work from home to reduce the risk of coming into contact with Covid.

Within the plants, the shifts continued as usual, but with a number of safety measures in place such as setting up stations to take everyone's temperature upon entrance, obtaining masks for all staff to wear and setting up stations for cleaning hands. Following this process, the company has managed to keep the staff as safe as possible and not had to furlough any employees in the UK.

Sealed Air Corporation's performance for the first half of the year has remained strong with 79% of the business experiencing a net positive impact on sales. This has translated to a 2% increase in net sales and a 13% increase in the adjusted EBITDA for the first half of the year.

The strong figures for the company have been due to the business focus on food packaging and medical supplies