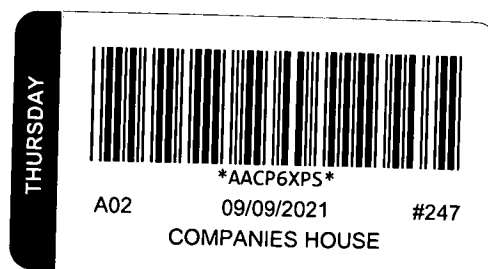


Registered number: 05429840

## **SGS Packaging Europe Holdings Limited**

**Annual report and financial statements**

**for the year ended 31 December 2020**



# SGS Packaging Europe Holdings Limited

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# **SGS Packaging Europe Holdings Limited**

## **Strategic report**

### **Company structure**

SGS Packaging Europe Holdings Limited is an intermediate holding company. Its main investments are in SGS Packaging Europe Limited (SGS Europe) and sgsco France Holdings SAS (Diadeis) (collectively known as 'SGS'). The investment in sgsco France Holdings SAS is an intermediate holding company for the eight Diadeis subsidiaries which were acquired in February 2018. A further five Diadeis subsidiaries were acquired at the same time of which four now are subsidiaries directly beneath SGS Packaging Europe Holdings Limited.

SGS Europe is headquartered in Hull at Bridgehead Business Park, one of six operating sites in the UK, employing 798 staff by the end of 2020. Diadeis is headquartered in Paris, France and it now has five subsidiaries based in France, one in Argentina and two in Mauritius. The four further subsidiaries falling directly under SGS Packaging Europe Holdings Limited are based in Spain, Germany, Russia and Switzerland. Diadeis employed 622 staff by the end of 2020.

The principal activities of SGS Europe and Diadeis are in supplying design, artwork and separation services to brand-owners, retailers, printers and converters as part of the process of taking packaging from design to final printed product. As well as supplying these products SGS Europe also provides and sells software solutions which allow clients to manage their graphical supply chain.

In addition to working on the digital artwork and separation files for designs, SGS Europe also manufactures flexographic printing plates at the Hull site in the UK. These printing plates are supplied to flexographic printers throughout the world - though primarily in Europe. The printing plates are produced from signed-off approved print-ready files using laser engraving of a photopolymer material.

SGS Europe and Diadeis has a global matrix structure, which means it takes a global approach to decision making by functional area. This global alignment improves the efficiency of the business. It is beneficial to our clients and suppliers who often have a global approach to business, and our employees who have benefited from increased investment in engagement activities.

### **Goals and strategy**

The SGS mission is to globally enable brands to own the moment when consumer desire turns to action. Employee performance is key to this mission. So, employee development is a vital aspect of the work that SGS does. SGS employees are focused on delivering world-class service to clients. SGS invests in training employees to ensure they have the necessary expertise, management and leadership skills to provide this level of service. In addition, SGS Europe operates an approved two-year apprenticeship scheme in conjunction with Hull Training which ensures apprentices complete a focused but wide-ranging Graphic Arts apprenticeship integrating work-experience with classroom training on all aspects of print & packaging relevant to the markets in which SGS Europe operates. The course is structured so that apprentices spend an initial three months in college full time and then complete the rest of the two years apprenticeship combining on-site work with one day at college every two weeks. The syllabus of the course was developed in collaboration with Hull Training in order to ensure apprentices get experience in all aspects of print and packaging.

### **Protection of the environment**

SGS Europe is accredited for ISO 14001 and Diadeis is accredited for ISO 9001. SGS see these accreditations as important in order to ensure that we meet the standards of environmental management, to minimise the impact of our processes on the environment and to meet the standards demanded by SGS clients. SGS Europe also maintained the Elite Status accreditation of the ISO 12647 Colour Management Standard, which demonstrates our commitment to ensuring we are constantly striving for continuous improvement and setting standards within the industry.

# **SGS Packaging Europe Holdings Limited**

## **Strategic report (continued)**

### **Corporate and social responsibility**

SGS are committed to providing equal opportunities to all staff. In order to assist staff with families, SGS will allow employees to use government approved nursery voucher schemes, making deductions from the employee's salary and paying the nursery direct. SGS also operates a government-approved bike to work scheme to encourage staff to reduce pollution through reducing car usage and also providing encouragement to a healthier lifestyle. SGS also provides a private health scheme which is available to staff who wish to join, and which provides both in-patient treatments at hospital and out-patient treatment for acute conditions. SGS also provides help for dependents of employees through funding life-cover schemes both in the UK and across Europe.

### **Principal activity**

The principal activity of the company is that of a holding company for a group which produces origination, colour separation and high-quality flexographic plates for the packaging and retail industries and is also engaged in design, artwork and flexographic reproduction.

### **Review of developments and future prospects**

The company made a loss before tax of £1,617,050 for the year as a result of interest charged on a loan from the parent company. In the prior year the company made a loss before tax of £1,571,235, as a result of interest charged on a loan from the parent company and an impairment of investment. The company has net assets of £23,695,789 at the balance sheet date, (2019: net assets of £25,312,839).

The directors consider the performance of the company to be in line with expectations and no significant developments are anticipated in the foreseeable future.

### **Principal risks and uncertainties**

As a holding company the principal risks and uncertainties relate to the underlying trading of its subsidiaries.

Competitive price pressure in the marketplace is a continuing risk for the group, which could result in it losing sales to its key competitors and therefore impact the carrying value of the company's investment in SGS Europe and Diadeis. SGS Europe and Diadeis manage this risk by providing added value services to their customers and by maintaining strong relationships with them.

SGS Europe has significant trading relationships within Europe and therefore continues to review the implications of Britain's exit from the European Union. The UK left the European Union on 1<sup>st</sup> January 2021 and the Company has not had any adverse impacts on either customer or supplier relationships.

COVID-19 presents uncertainty and risk with respect to the Company's performance and financial results. During the current year costs have been carefully controlled in order to maintain stable financial results. The Directors do not expect COVID-19 to have any significant impact on financial results going forward but they will continue to monitor the situation closely.

### **Section 172 Statement**

The directors have complied with their duty to promote the success of the company for the benefit of its members whilst having regard to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006. The Directors have done this in various ways which are noted below and by cross reference in both the Strategic Report and the Directors' Report.

# SGS Packaging Europe Holdings Limited

## Strategic report (continued)

### Section 172 Statement (continued)

#### *Stakeholder engagement*

The directors consider that the key stakeholders of the company are those impacted by the inputs and outputs of the company, specifically these are (in no particular order): local community, banks, government organisations and regulators. The company, through the directors, engages with each stakeholder at the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The directors use a variety of methods to do this, as described below and by cross reference in both the Strategic Report and the Directors' Report.

#### *Principal decisions*

Principal decisions are those that are material to the company and also to the above stakeholder groups. During the financial year, the company has taken a number of operational and strategic decisions which the directors consider are for the benefit of the company, with a view to promoting its long-term success and sustainability. A specific example is the preparation and review of the subsidiary Company's annual budget which drives the Company's long-term strategy.

#### *Engaging with other stakeholders*

During the financial year, the directors have endeavoured to foster the company's mutually beneficial business relationships with other stakeholders. This was achieved through positive interactions during meetings, written communication and telephone communications.

The nature of the company means that there are no direct customer or supplier stakeholders to engage with.

#### **Events after the balance sheet date**

There have been no significant events since the balance sheet date.

Approved by the Board and signed on its behalf.

S T Babb

Director

SGS Hull  
Brewery House  
Silvester Street  
Hull  
HU1 3HA

7 September 2021

# **SGS Packaging Europe Holdings Limited**

## **Directors' report**

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the year ended 31 December 2020. Details of future developments, subsequent balance sheet events and principal risks and uncertainties can be found in the Strategic Report and form part of this report by cross-reference.

### **Finance and going concern**

The company's funding is by way of a loan on commercial terms from the company's parent undertaking, Southern Graphics Inc.

The company's parent undertaking, Southern Graphics Inc has indicated in writing its willingness to provide continuing financial support to the company for the next 12 months. The directors, therefore, after making enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

### **Dividends**

The directors do not recommend the payment of any dividend (2019: £nil).

### **Directors**

The directors, who served throughout the year and up to the date of the annual report except as noted, were as follows:

T W Koontz	
S T Babb	(appointed 30 June 2020)
A Morgan	(resigned 30 June 2020)

### **Directors' liabilities**

The company has taken out an indemnity insurance policy on behalf of the Directors, which indemnifies the Directors of the company against liability in respect of proceedings brought by third parties, subject to the condition set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year and at the balance sheet date of this report.

### **Approval of reduced disclosures**

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

## **SGS Packaging Europe Holdings Limited**

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

#### **Auditor**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

S T Babb

Director



SGS Hull  
Brewery House  
Silvester Street  
Hull  
HU1 3HA

7 September 2021

# **SGS Packaging Europe Holdings Limited**

## **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 of the company and of the profit or loss of the company for that period.

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

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

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



# **SGS Packaging Europe Holdings Limited**

## **Independent auditor's report to the members of SGS Packaging Europe Holdings Limited**

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

#### **Opinion**

In our opinion the financial statements of SGS Packaging Europe Holdings Limited (the 'Company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

## **SGS Packaging Europe Holdings Limited**

### **Independent auditor's report to the members of SGS Packaging Europe Holdings Limited (continued)**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

## **SGS Packaging Europe Holdings Limited**

### **Independent auditor's report to the members of SGS Packaging Europe Holdings Limited (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included FCA regulations, UK Companies Act, Money Laundering regulations, Health and Safety at work legislation, Data Protection Act, Tax Legislation and Bribery Act.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

#### **Report on other legal and regulatory requirements**

##### **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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

## **SGS Packaging Europe Holdings Limited**

### **Independent auditor's report to the members of SGS Packaging Europe Holdings Limited (continued)**

#### **Matters on which we are required to report by exception**

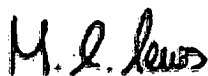
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **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.



Mark Lewis, ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
Date: 7 September 2021

## SGS Packaging Europe Holdings Limited

### Statement of comprehensive income

For the year ended 31 December 2020

	Notes	2020 £	2019 £
Administrative Expenses- Impairment of Investment	6	-	(88,932)
<b>Operating Loss</b>		-	(88,932)
Finance costs (net)	3	(1,617,050)	(1,482,303)
<b>Loss before taxation</b>	4	(1,617,050)	(1,571,235)
Tax on loss	5	-	-
<b>Loss for the financial year</b>		<u>(1,617,050)</u>	<u>(1,571,235)</u>

# SGS Packaging Europe Holdings Limited

## Balance sheet

As at 31 December 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Investments	6	44,527,029	44,400,873
		<u>44,527,029</u>	<u>44,400,873</u>
<b>Current assets</b>			
Debtors			
– due within one year	7	1,681,658	1,807,814
<b>Creditors: amounts falling due within one year</b>	8	(22,512,898)	(20,895,848)
<b>Net current liabilities</b>		<u>(20,831,240)</u>	<u>(19,088,034)</u>
<b>Total assets less current liabilities</b>		23,695,789	25,312,839
<b>Net assets</b>		<u>23,695,789</u>	<u>25,312,839</u>
<b>Capital and reserves</b>			
Called-up share capital	9	27,160,408	27,160,408
Share premium account		4,252,493	4,252,493
Capital contribution		751,901	751,901
Profit and loss account		(8,469,013)	(6,851,963)
<b>Shareholders' funds</b>		<u>23,695,789</u>	<u>25,312,839</u>

The financial statements of SGS Packaging Europe Holdings Limited (registered number 05429840) were approved by the board of directors and authorised for issue on . They were signed on its behalf by:

S T Babb  
Director



**Steve  
Babb**

Digitally signed  
by Steve Babb  
Date: 2021.09.07  
16:00:10 +01'00'

## SGS Packaging Europe Holdings Limited

### Statement of changes in equity

For the year ended 31 December 2020

	<b>Called-up share Capital £</b>	<b>Share premium account £</b>	<b>Capital Contribution £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2019</b>	27,160,408	4,252,493	751,901	(5,280,728)	26,884,074
Loss and total comprehensive expense for the financial year	-	-	-	(1,571,235)	(1,571,235)
<b>At 31 December 2019</b>	27,160,408	4,252,493	751,901	(6,851,963)	25,312,839
Loss and total comprehensive expense for the financial year	-	-	-	(1,617,050)	(1,617,050)
<b>At 31 December 2020</b>	<u>27,160,408</u>	<u>4,252,493</u>	<u>751,901</u>	<u>(8,469,013)</u>	<u>23,695,789</u>

# **SGS Packaging Europe Holdings Limited**

## **Notes to the financial statements**

For the year ended 31 December 2020

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### **a. General information and basis of accounting**

SGS Packaging Europe Holdings Limited is a private company, limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of SGS Packaging Europe Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. Foreign operations are included in accordance with the policies set out below.

SGS Packaging Europe Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments, remuneration of key management personnel and related party transactions.

#### **b. Basis of consolidation**

The financial statements contain information about SGS Packaging Europe Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated group financial statements of Onex Corporation.

#### **c. Going concern**

The company's funding is by way of a loan on commercial terms from the company's parent undertaking, Southern Graphics Inc.

The company's parent undertaking, SGS International LLC has indicated in writing its willingness to provide continuing financial support to the company for the next 12 months. The directors, therefore, after making enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

#### **d. Investments**

Investments in subsidiaries are measured at cost less impairment.

#### **e. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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



# SGS Packaging Europe Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### e. Financial instruments (continued)

##### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

#### f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### h. Foreign currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies in the balance sheet are reported at the rates of exchange prevailing at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

## SGS Packaging Europe Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### *Critical judgements in applying the company's accounting policies*

The company did not identify any critical judgements that the directors have made in the process of applying the company's accounting policies.

##### *Key source of estimation uncertainty - impairment of investments*

Determining whether investments are impaired requires a level of judgement applied as to whether there are any indicators of impairment. Should indicators be identified, an impairment review is required. This involves an estimation of the value in use of the cash-generating units to which investment has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Carrying amounts of the investments are presented in note 6.

#### 3. Finance costs (net)

##### *Interest payable and similar expenses*

	2020 £	2019 £
Loans from group undertakings	<u>1,617,050.</u>	<u>1,482,303</u>

#### 4. Loss before taxation

The company's expenses including audit fees in respect of the annual report of £2,000 (2019: £2,000) were borne by a fellow group company.

The directors received no remuneration for their services to this company in the current and preceding year. The directors are also directors of SGS Europe and the majority of their activities relate to services carried out in respect of this company. Therefore, the directors deemed it inappropriate to directly allocate any of their costs to this company.

There are no other employees of the company, (2019: NIL).

# SGS Packaging Europe Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5. Tax on loss

Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2020 continue to be measured at 19%.

There is no expiry date on timing differences, unused tax losses or tax credits.

There is no current tax charge in either the current or prior year.

The amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2020 £	2019 £
<b>Company loss before tax</b>	<b>(1,617,050)</b>	<b>(1,571,235)</b>
Tax on company loss at standard UK corporation tax rate of 19% (2019: 19%)	(307,240)	(298,535)
Effects of:		
- Group relief surrendered free of charge	-	-
- Amounts not recognised in deferred tax	307,240	251,992
- Non-taxable items	-	16,897
- Rate differences on deferred tax balances	-	29,646
<b>Company total tax charge for year</b>	<b>-</b>	<b>-</b>

There is an unprovided deferred tax asset of £588,877 in 2020 (2019 £251,992).

### 6. Fixed asset investments

	2020 £	2019 £
Subsidiary undertakings	44,527,029	44,400,873

## SGS Packaging Europe Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 6. Fixed asset investments (continued)

The company has investments in the following subsidiary undertakings.

Subsidiary undertakings	Registered office	Principal activity	Holding	%
SGS Packaging Netherlands BV+	Herengracht 598-600 1017 CJ Amsterdam The Netherlands	Packaging artwork and repro	Ordinary Shares	100%
SGS Packaging Europe Limited+	SGS Hull Brewery House Silvester Street Hull HU1 3HA	Packaging, artwork, repro and plate making	Ordinary Shares	100%
sgsco France Holdings SAS+	102 Avenue des Champs Elysees 75008 Paris France	Holding Company	Ordinary Shares	100%
Diadeis Iberia SLU+	Calle Pau Claris 94, Entresuelo, Faura-Casas, 08010 Barcelona, Spain	Packaging artwork and repro	Ordinary Shares	100%
Diadeis GMBH+	Franziusstraße 6, 60314 Frankfurt am Main, Germany	Acquisition and data processing, digitalization, document management and photogravure packaging, prepress services	Ordinary Shares	100%
Diadeis Rus LLC+	115093, Moscow, Bol'shaya Serpukhovskaya St., h. 44, premises I, room 19. Russia	Packaging Design, Graphic Design, Consulting on Print Process	Ordinary Shares	100%
Diadeis Suisse SA+	Chemin de la Venoge 9 – Ch-1024 Ecublens VD, Switzerland	Packaging, advertising, multimedia and information technology	Ordinary Shares	100%

+ Held directly by SGS Packaging Europe Holdings Limited.

# SGS Packaging Europe Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 6. Fixed asset investments (continued)

#### *Subsidiary undertakings*

	£
<b>Cost and carrying value</b>	
At 1 January 2020	44,400,873
Additions	126,156
	<u>44,527,029</u>
At 31 December 2020	<u>44,527,029</u>

During the current year, SGS Packaging Europe Holdings Limited entered an agreement to waive the loan it was due from a subsidiary entity, Diadeis Rus LLC. The loan value of £126,156 which was waived, increased the net assets of Diadeis Rus LLC and was converted into an increased investment value within SGS Packaging Europe Holdings Limited.

During the prior year, Diadeis UK Ltd was dissolved as the company had ceased trading in 2018, leading to an investment disposal of £104,761 in the prior year. At the time of dissolution, the company had net assets of £15,829 which were transferred to SGS Packaging Europe Holdings Limited. The remaining investment value of £88,932 was written off to administrative expenses as impairment of investment in the prior year.

### 7. Debtors due within one year

	2020 £	2019 £
Amounts owed by Parent company	24,997	24,997
Amounts owed by Group undertakings	1,656,661	1,782,817
	<u>1,681,658</u>	<u>1,807,814</u>

The amounts due from group companies have no repayment date, no interest and are unsecured.

### 8. Creditors – amounts falling due within one year

	2020 £	2019 £
Amounts owed to Group undertakings	22,512,898	20,895,848
	<u>22,512,898</u>	<u>20,895,848</u>

The amounts due to group companies are repayable in 2024, unless payment is demanded earlier by the lender, in which case they are repayable on demand. Interest is charged at 7.5% per annum and is unsecured.

## SGS Packaging Europe Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2020

#### 9. Called-up share capital

	2020	2019
	£	£
<b>Allotted, called-up and fully-paid</b>		
27,160,408 ordinary shares of £1 each	<u>27,160,408</u>	<u>27,160,408</u>

The company has one class of ordinary share which carry no right to fixed income.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital contribution reserve arose in 2018 due to a capital contribution of £751,902 from Multinational Conglomerate Cooperatief U.A. The funds were used to repay £751,901 interest liability due to SGS Quid LP.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 10. Related party transactions

The company has taken advantage of the exemption in section 33 of Financial Reporting Standard No.102 'Related Party Disclosures' not to disclose any transactions with entities that are part of the group headed by Onex Corporation, on the grounds that 100% of the voting rights in the company are controlled within that group and the results of the company are included in the consolidated financial statements.

#### 11. Ultimate parent company

The immediate parent company is Multinational Conglomerate Cooperatief U.A. which was incorporated in the Netherlands. The directors regard Onex Corporation as the ultimate controlling entity and ultimate parent. Onex Corporation is the parent company and the smallest and largest group for which consolidated group financial statements are prepared of which the company is a member. Onex Corporation was incorporated in Canada. Copies of the consolidated financial statements of Onex Corporation may be obtained from the company secretary, at its registered address, 161 Bay Street, Suite 4900, Toronto, Ontario, Canada, M5J 2S1.