

Company registration number 09323061 (England and Wales)

ENVASES LIVERPOOL LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



ENVASES LIVERPOOL LTD

COMPANY INFORMATION

Directors	Mr G Courtney	(Appointed 1 August 2022)
	Mr A McCulloch	(Appointed 1 August 2023)
Secretary	Mr P Davidson	
Company number	09323061	
Registered office	Trinity Park Industrial Estate Orrell Lane Liverpool L20 6PB	
Auditor	MHA Moore and Smalley Exchange Station Tithebarn Street Liverpool L2 2QP	

ENVASES LIVERPOOL LTD

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ENVASES LIVERPOOL LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

The significant market volatility in the UK and globally post the Covid-19 pandemic continued to impact business operations across the year. We had unprecedented significant cost increases in our raw materials, secondary packaging, and transport costs in 2022 which we were unable to mitigate completely and therefore had to pass through double-digit price increases to our customers. This had an immediate impact on our projected sales volumes as our customers struggled to pass on the increases into retail. The DIY market halved in 2022 as consumers started to travel again. We saw a drop of over 30% in our sales volumes as a direct impact of the necessary price increases.

The year also came with its challenges in relation to exports and throughout 2022 the group continued to face supply chain disruption in securing shipping containers for deliveries to the USA, as well as incurring a significant threefold rise in the cost of shipping the goods.

However, despite all the above and through other improvements across the business, we have seen a rise in revenue of 4% on last year, gross profit has risen from £2,943k to £3,840k and there has been a significant reduction in loss compared to last year

Printing

We continue to print for our own manufacturing lines, and we also took on contract work for non-competitive metal packaging companies to support our overhead recovery.

Can Production

The product range in the UK has a seasonality factor, which historically declines towards Christmas as the DIY season comes to an end. The reduced demand during the winter period is forecasted and reflected in production demands. A concerted effort to continually extend our markets internationally, and to grow sales in the North American regions is ongoing.

Principal risks and uncertainties

Due to the current situation in the Ukraine and the negative impact this has had on the energy markets we may see pressure on our cost of gas and electricity in 2023 and 2024. We continually adapt our business planning to meet these ever-changing market demands.

Whilst trading in international markets, there will always be the economic risk of fluctuating foreign exchange rates. We are also subject to fluctuating national and international raw material prices especially in the metal markets.

Development and performance

The 2023 forecasted landscape continues to be impacted by increases in raw material pricing and logistics costs. With the support of Group funding, we are focused on growing our market share utilising the operational efficiency and increased capacity of the new 5 litre line machinery and the investment in the training of our employees.

We expect to soon return solid operating profits with the continuance of our cost reduction and management activities.

ENVASES LIVERPOOL LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

	2022	2021	Change %
Turnover	12,506,478	12,022,709	4%
Operating (loss) / profit before tax	201,836	(336,769)	160%
(Loss) / profit before tax	144,144	(561,083)	126%
Total equity	655,474	1,001,498	(35%)
Current assets as % of current liabilities	55%	55%	0%
Number of employees	84	74	14%

Future Developments

We remain very optimistic about the future of our business. With the support of Group funding, we are focused on growing our market share through significant investment in a new Drum & Pail Combi Line that will expand our product offerings and therefore give us the opportunity to increase our supply footprint with our key customers. We expect to return solid operating profit with the continuance of our cost reduction and management activities.

In August 2023 we also appointed 1 new Director, to replace a resigning Director, based in the Envases Liverpool Office. This centralises a senior management team in the UK for local decision making, supported by our colleagues in Germany and Netherlands

On behalf of the board



Mr A McCulloch
Director

15/12/2023

ENVASES LIVERPOOL LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group continued to be that of the manufacture of steel drums and similar containers.

Results and dividends

The results for the year are set out on page 8.

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

Directors

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

Mr M Luer	(Resigned 1 August 2022)
Mr G Courtney	(Appointed 1 August 2022)
Mr K S Gray	(Appointed 1 August 2022 and resigned 31 July 2023)
Mr A McCulloch	(Appointed 1 August 2023)

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risks.

Statement of disclosure to auditor

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

On behalf of the board



Mr A McCulloch
Director

15/12/2023

ENVASES LIVERPOOL LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 and company will continue in business.

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

ENVASES LIVERPOOL LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVASES LIVERPOOL LTD

Opinion

We have audited the financial statements of Envases Liverpool Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's 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. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

ENVASES LIVERPOOL LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENVASES LIVERPOOL LTD

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

ENVASES LIVERPOOL LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENVASES LIVERPOOL LTD

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing how management identify and track compliance with key laws and regulations. Scrutinising legal and professional costs incurred for indications of non-compliance and consequential financial implications;
- Auditing the risk of fraud in revenue, including through the testing of income cut-off at the year end, through sales transaction testing and consideration of post year end sales credit notes to provide comfort that revenue is completely stated in the financial statements and recognised in the correct accounting period; and,
- Challenging assumptions and judgements made by management in the accounting estimates.

Because of the field in which the client operates we identified employment law, the Data Protection Act, health and safety legislation and compliance with the UK Companies Act as the areas most likely to have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

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

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.



Andrew Matthews
Senior Statutory Auditor
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Exchange Station
Tithebarn Street
Liverpool
L2 2QP

15/12/2023
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ENVASES LIVERPOOL LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	2021 £
	Notes		
Turnover	3	12,507,828	12,022,708
Cost of sales		(8,667,828)	(9,079,474)
Gross profit		3,840,000	2,943,234
Administrative expenses		(3,495,142)	(3,280,003)
Other operating income		1,120	-
Operating profit/(loss)	4	345,978	(336,769)
Interest receivable and similar income	8	2	-
Interest payable and similar expenses	9	(201,836)	(224,314)
Profit/(loss) before taxation		144,144	(561,083)
Tax on profit/(loss)	10	(490,168)	191,858
Loss for the financial year		(346,024)	(369,225)

Loss for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

ENVASES LIVERPOOL LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	13		8,028,619		6,172,844
Current assets					
Stocks	16	2,146,965		2,185,025	
Debtors	17	2,899,903		2,550,759	
Cash at bank and in hand		3,175,262		1,650,065	
		8,222,130		6,385,849	
Creditors: amounts falling due within one year	18	(14,995,564)		(11,557,195)	
Net current liabilities			(6,773,434)		(5,171,346)
Total assets less current liabilities			1,255,185		1,001,498
Provisions for liabilities					
Deferred tax liability	20	599,711		-	
			(599,711)		-
Net assets			655,474		1,001,498
Capital and reserves					
Called up share capital	22		2		2
Share premium account			1,499,999		1,499,999
Capital redemption reserve			2,200,000		2,200,000
Other reserves			32,854		32,854
Profit and loss reserves			(3,077,381)		(2,731,357)
Total equity			655,474		1,001,498

The financial statements were approved by the board of directors and authorised for issue on 15/12/2023
and are signed on its behalf by:



Mr A McCulloch
Director

Company registration number 09323061 (England and Wales)

ENVASES LIVERPOOL LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	13		8,017,839		6,172,844
Investments	14		364,212		-
			<u>8,382,051</u>		<u>6,172,844</u>
Current assets					
Stocks	16	1,983,772		2,185,025	
Debtors	17	2,846,660		2,550,759	
Cash at bank and in hand		3,066,556		1,650,065	
		<u>7,896,988</u>		<u>6,385,849</u>	
Creditors: amounts falling due within one year	18	(15,019,534)		(11,557,195)	
Net current liabilities			<u>(7,122,546)</u>		<u>(5,171,346)</u>
Total assets less current liabilities			1,259,505		1,001,498
Provisions for liabilities					
Deferred tax liability	20	596,946		-	
		<u>(596,946)</u>		<u>-</u>	
Net assets			<u>662,559</u>		<u>1,001,498</u>
Capital and reserves					
Called up share capital	22		2		2
Share premium account			1,499,999		1,499,999
Capital redemption reserve			2,200,000		2,200,000
Other reserves			32,854		32,854
Profit and loss reserves			<u>(3,070,296)</u>		<u>(2,731,357)</u>
Total equity			<u>662,559</u>		<u>1,001,498</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £338,939 (2021 - £369,225 loss).

The financial statements were approved by the board of directors and authorised for issue on 15/12/2023 and are signed on its behalf by:



Mr A McCulloch
Director

Company registration number 09323061 (England and Wales)

ENVASES LIVERPOOL LTD

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2021	2	1,499,999	2,200,000	32,854	(2,362,132)	1,370,723
Year ended 31 December 2021:						
Loss and total comprehensive income for the year	-	-	-	-	(369,225)	(369,225)
Balance at 31 December 2021	2	1,499,999	2,200,000	32,854	(2,731,357)	1,001,498
Year ended 31 December 2022:						
Loss and total comprehensive income for the year	-	-	-	-	(346,024)	(346,024)
Balance at 31 December 2022	2	1,499,999	2,200,000	32,854	(3,077,381)	655,474

ENVASES LIVERPOOL LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2021	2	1,499,999	2,200,000	32,854	(2,362,132)	1,370,723
Year ended 31 December 2021:						
Loss and total comprehensive income for the year	-	-	-	-	(369,225)	(369,225)
Balance at 31 December 2021	2	1,499,999	2,200,000	32,854	(2,731,357)	1,001,498
Year ended 31 December 2022:						
Loss and total comprehensive income for the year	-	-	-	-	(338,939)	(338,939)
Balance at 31 December 2022	2	1,499,999	2,200,000	32,854	(3,070,296)	662,559

ENAVSES LIVERPOOL LTD

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29	1,530,587		(441,970)	
Interest paid		(201,836)		(224,314)	
Income taxes refunded		3,896		-	
Net cash inflow/(outflow) from operating activities		1,332,647		(666,284)	
Investing activities					
Purchase of business		(895,653)		-	
Purchase of tangible fixed assets		(2,511,799)		(179,828)	
Proceeds from disposal of tangible fixed assets		-		4,061	
Interest received		2		-	
Net cash used in investing activities		(3,407,450)		(175,767)	
Financing activities					
Proceeds from borrowings		3,600,000		-	
Net cash generated from/(used in) financing activities		3,600,000		-	
Net increase/(decrease) in cash and cash equivalents		1,525,197		(842,051)	
Cash and cash equivalents at beginning of year		1,650,065		2,492,116	
Cash and cash equivalents at end of year		3,175,262		1,650,065	

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Envases Liverpool Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Trinity Park Industrial Estate, Orrell Lane, Liverpool, L20 6PB.

The group consists of Envases Liverpool Ltd and all of its subsidiaries.

1.1 Accounting convention

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

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Envases Liverpool Ltd together with all UK entities controlled by the UK ultimate parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

The subsidiary company has taken the exemption from audit under Section 479A of the Companies Act.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between UK group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where amounts owed to group/connected companies remain on consolidation, they are in relation to the worldwide group companies to which this group is related, but not consolidated at the UK level.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Following a review of the forecasts, future cash flows and wider business plan, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The intermediate parent (Envases Ohringen GmbH) and the ultimate EEA parent (Envases Europe A/S) have provided confirmation that they have no intention to dispose of the UK business nor to request immediate repayment of the intercompany loan for a period of 12 months from the date of the statutory accounts approval.

They have also stated their intent to assist in meeting the liabilities of Envases Liverpool as they fall due, to the extent that the money is not otherwise available. All of this is set out in an unconditional letter of support, which has been provided to the company.

1.5 Turnover

Turnover from the sale of goods is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Sale of goods

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

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is usually amortised over 5-10 years. In this case, Goodwill has been impaired in full.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

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

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

Freehold land and buildings	10 - 40 years straight line
Plant and equipment	2 - 18 years straight line
Fixtures and fittings	3 - 18 years straight line

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

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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

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

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

1.10 Stocks

Stocks are stated at the lower of average cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution, including consumable spare parts, at no or nominal consideration are measured at the lower of cost and replacement cost.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

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

1.12 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1.17 Leases

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

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Useful Economic Life of Assets

The useful economic life of tangible fixed assets is judged at the point of purchase and reviewed at each financial reporting date. The group depreciates its tangible assets over their estimated useful lives. The estimates of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied.

As standard, a useful economic life of between 10 - 40 years is applied to Freehold buildings, 2 - 18 years for Plant and equipment and 3 - 18 years for fixtures and fittings.

Stock Provision

Stocks are valued at the lower cost and net realisable value. Where necessary, provisions for slow moving and obsolete stocks are made. Calculation of these provisions requires judgements to be made. The provisions are based on both the age and use of the stock in the last 12 -24 months, with provision made as a percentage of these values.

Impairment of Goodwill

At the balance sheet date the Directors assessed the carrying value of the Goodwill for impairment using a number of valuation methods, including future cash flows, industry standard EBITDA multiple and net asset valuations. It is the opinion of the Directors that the carrying value of the investment in Envases Hull does not exceed its net asset value. The directors have therefore fully impaired goodwill and will continue to reassess this value, year on year. The Directors appreciate that such judgement includes elements of uncertainty in relation to the estimate of company value and future cash flows, however feel that their experience of the market and comparison of industry averages are considered to be relevant.

Provision of Accrued Costs

For the majority of the financial year the company has not received invoices from its energy provider. The directors have made an estimate within accruals for the unpaid element of this usage. Using known sources of information, such as contractual rates and metered usage, the directors have kept an accurate record of spend. However, an element of uncertainty surrounds provisions of this nature, especially in the current climate of ever increasing utilities costs, where limited information is received from suppliers and wholesale gas and electricity prices are difficult to track.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of Goods	12,507,828	12,022,708
	<u>12,507,828</u>	<u>12,022,708</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	9,487,644	9,014,866
Europe	1,278,740	1,578,588
Rest of the world	1,741,444	1,429,254
	<u>12,507,828</u>	<u>12,022,708</u>
	2022 £	2021 £
Other revenue		
Interest income	2	-
	<u>2</u>	<u>-</u>

4 Operating profit/(loss)

	2022 £	2021 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(60,536)	63,944
Depreciation of owned tangible fixed assets	668,130	636,375
Profit on disposal of tangible fixed assets	-	(4,288)
Impairment of intangible assets	690,621	-
Operating lease charges	90,150	94,570
	<u>690,621</u>	<u>94,570</u>

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	22,500	14,500
	<u>22,500</u>	<u>14,500</u>
For other services		
All other non-audit services	10,500	6,500
	<u>10,500</u>	<u>6,500</u>

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production staff	66	60	51	60
Administrative staff	18	14	13	14
Total	<u>84</u>	<u>74</u>	<u>64</u>	<u>74</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	2,359,690	2,562,842	2,311,344	2,562,842
Social security costs	275,653	259,905	272,103	259,905
Pension costs	111,146	114,988	108,976	114,988
	<u>2,746,489</u>	<u>2,937,735</u>	<u>2,692,423</u>	<u>2,937,735</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	178,924	103,800
Company pension contributions to defined contribution schemes	5,350	2,800
	<u>184,274</u>	<u>106,600</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 1).

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>2</u>	<u>-</u>

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	201,822	224,314
Other interest	14	-
	<u>201,836</u>	<u>224,314</u>
Total finance costs	<u>201,836</u>	<u>224,314</u>

10 Taxation

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	(21,846)	-
	<u>(21,846)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	388,141	(191,858)
Changes in tax rates	123,873	-
	<u>512,014</u>	<u>(191,858)</u>
Total deferred tax	<u>512,014</u>	<u>(191,858)</u>
Total tax charge/(credit)	<u>490,168</u>	<u>(191,858)</u>

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

	2022	2021
	£	£
Profit/(loss) before taxation	<u>144,144</u>	<u>(561,083)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	27,387	(106,606)
Tax effect of expenses that are not deductible in determining taxable profit	143,845	34,021
Tax effect of income not taxable in determining taxable profit	(141,833)	-
Adjustments in respect of prior years	(21,851)	8,460
Effect of change in corporation tax rate	123,905	(123,214)
Superdeduction enhanced relief	-	(4,519)
Deferred tax not recognised	356,776	-
Pre Acquisition Trade	7,322	-
Goodwill Arising on consolidation	(5,383)	-
	<u>490,168</u>	<u>(191,858)</u>
Taxation charge/(credit)	<u>490,168</u>	<u>(191,858)</u>

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation

(Continued)

The Chancellor stated his intention to maintain the main rate of corporation tax at 19%. This change to previously announced policy was substantively enacted on 17 March 2020. The Chancellor subsequently announced his intention to increase the headline rate of corporation tax to 25% from 1 April 2023, this policy was substantively enacted on 25 May 2021.

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Goodwill	12	690,621	-
Recognised in:			
Administrative expenses		690,621	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2022	-	(1,700,000)	(1,700,000)
Additions	690,621	-	690,621
Disposals	-	1,700,000	1,700,000
At 31 December 2022	690,621	-	690,621
Amortisation and impairment			
At 1 January 2022	-	(1,700,000)	(1,700,000)
Impairment losses	690,621	-	690,621
Disposals	-	1,700,000	1,700,000
At 31 December 2022	690,621	-	690,621
Carrying amount			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible fixed assets

(Continued)

Company	Negative goodwill £
Cost	
At 1 January 2022	(1,700,000)
Disposals	1,700,000
	<hr/>
At 31 December 2022	-
	<hr/>
Amortisation and impairment	
At 1 January 2022	(1,700,000)
Disposals	1,700,000
	<hr/>
At 31 December 2022	-
	<hr/>
Carrying amount	
At 31 December 2022	-
	<hr/>
At 31 December 2021	-
	<hr/>

More information on impairment movements in the year is given in note 11.

On 1 April 2015 Envaes Liverpool Ltd (formerly Huber Packaging Limited), acquired the trade and assets of Crown Packaging Limited. The negative Goodwill above was recognised on this acquisition and amortised fully over the 5 years to 31 December 2020. The Directors have assessed this Goodwill and believe that the trade and assets of Crown Packaging Limited have now been fully absorbed into Envases Liverpool Ltd and as such have disposed of this cost and accumulated amortisation in full.

On 9th November 2022 Envases Liverpool Ltd acquired the entire share capital of Envases Hull Ltd (formerly Nepak Ltd) through a share purchase agreement. All of the goodwill acquired during the year relates to the this acquisition. At the year end the directors have assessed the carrying value of this acquired goodwill and took the decision to impair its value in full. Further information on this impairment can be found within notes 1.6, 2 and 11 of the financial statements.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

Group	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Total £
Cost					
At 1 January 2022	3,699,423	68,486	5,882,207	160,663	9,810,779
Additions	33,665	2,448,922	29,212	-	2,511,799
Business combinations	-	-	12,106	-	12,106
At 31 December 2022	3,733,088	2,517,408	5,923,525	160,663	12,334,684
Depreciation and impairment					
At 1 January 2022	1,086,941	-	2,466,334	84,660	3,637,935
Depreciation charged in the year	209,588	-	449,924	8,618	668,130
At 31 December 2022	1,296,529	-	2,916,258	93,278	4,306,065
Carrying amount					
At 31 December 2022	2,436,559	2,517,408	3,007,267	67,385	8,028,619
At 31 December 2021	2,612,482	68,486	3,415,873	76,003	6,172,844
Company					
	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Total £
Cost					
At 1 January 2022	3,699,423	68,486	5,882,207	160,663	9,810,779
Additions	33,665	2,448,922	29,212	-	2,511,799
At 31 December 2022	3,733,088	2,517,408	5,911,419	160,663	12,322,578
Depreciation and impairment					
At 1 January 2022	1,086,941	-	2,466,334	84,660	3,637,935
Depreciation charged in the year	209,588	-	448,598	8,618	666,804
At 31 December 2022	1,296,529	-	2,914,932	93,278	4,304,739
Carrying amount					
At 31 December 2022	2,436,559	2,517,408	2,996,487	67,385	8,017,839
At 31 December 2021	2,612,482	68,486	3,415,873	76,003	6,172,844

A valuation of the Trinity Park trading premises took place on 30th March 2021 by Matthews & Goodman chartered surveyors. The company has elected to not apply the revaluation model as per FRS102 Section 17 and instead are holding the entirety of owner-occupied freehold buildings at cost. The value of the land and property was deemed to be £4.45m. The property was originally purchased for £3.53m on 31st March 2015 and at no time during this period have the buildings been held for rental return or capital appreciation.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	364,212	-

On 9th November 2022 Envases Liverpool Ltd acquired the entire share capital of Envases Hull Ltd (formerly Nepak Ltd) through a share purchase agreement. At the year end the fair value of the investment has been impaired downwards to a value equivalent to the net assets of the subsidiary at the year end, with these assessed as being the recoverable amount for the subsidiary investment asset. Further information can be found within note 1.9 of the financial statements.

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	-
Additions	1,093,125
At 31 December 2022	1,093,125
Impairment	
At 1 January 2022	-
Impairment losses	728,913
At 31 December 2022	728,913
Carrying amount	
At 31 December 2022	364,212
At 31 December 2021	-

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Envases Hull Ltd	Units A1-A2, Copenhagen Road, Hull, East Yorkshire, United Kingdom, HU7 0XQ	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Subsidiaries

(Continued)

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Envases Hull Ltd	364,212	48,913

Envases Hull Ltd has taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirement in the Act for their individual accounts to be audited. The guarantee given by the company under Section 479A of the Act is disclosed in Note 24.

16 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	1,150,028	1,264,996	1,016,074	1,264,996
Work in progress	622,107	600,946	622,107	600,946
Finished goods and goods for resale	374,830	319,083	345,591	319,083
	<u>2,146,965</u>	<u>2,185,025</u>	<u>1,983,772</u>	<u>2,185,025</u>

An impairment provision of £134,625 (2021 - £38,569) was charged to the Income Statement during the year.

17 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	1,639,814	1,147,849	1,606,910	1,147,849
Amounts owed by group undertakings	545,912	338,139	563,356	338,139
Other debtors	-	475,670	-	475,670
Prepayments and accrued income	117,231	75,711	79,448	75,711
	<u>2,302,957</u>	<u>2,037,369</u>	<u>2,249,714</u>	<u>2,037,369</u>
Deferred tax asset (note 20)	596,946	513,390	596,946	513,390
	<u>2,899,903</u>	<u>2,550,759</u>	<u>2,846,660</u>	<u>2,550,759</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	12,244,328	8,644,328	12,244,328	8,644,328
Trade creditors		1,046,956	1,699,904	979,717	1,699,904
Amounts owed to group undertakings		1,034,457	701,205	1,160,466	701,205
Other taxation and social security		174,769	72,274	154,032	72,274
Other creditors		89,630	-	86,505	-
Accruals and deferred income		405,424	439,484	394,486	439,484
		<u>14,995,564</u>	<u>11,557,195</u>	<u>15,019,534</u>	<u>11,557,195</u>

Amounts owed to group undertakings (other than those under formal loan agreements and included in other borrowings, note 19) are unsecured, interest free and repayable on demand.

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Loans from group undertakings	<u>12,244,328</u>	<u>8,644,328</u>	<u>12,244,328</u>	<u>8,644,328</u>
<i>Payable within one year</i>	<u>12,244,328</u>	<u>8,644,328</u>	<u>12,244,328</u>	<u>8,644,328</u>

Loans are from the group parent undertaking in Germany (Envases Germany Holding GmbH). Loans are unsecured and include the following terms:

- £1.37m at 3% per annum.
- £6.66m at EURIBOR +3% per annum.
- £4.21m interest free.

All loans were consolidated, after the year end, in to a new loan agreement dated 1st April 2023. Interest is now chargeable at EURIBOR plus 1% and the total balance of the loan is due for repayment on 31st March 2028.

ENAVSES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	599,711	-	-	57,260
Tax losses	-	-	596,946	456,610
Revaluations	-	-	-	(480)
	<u>599,711</u>	<u>-</u>	<u>596,946</u>	<u>513,390</u>
	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Accelerated capital allowances	596,946	-	-	57,260
Tax losses	-	-	596,946	456,610
Revaluations	-	-	-	(480)
	<u>596,946</u>	<u>-</u>	<u>596,946</u>	<u>513,390</u>
			Group 2022 £	Company 2022 £
Movements in the year:				
Asset at 1 January 2022			(513,390)	(513,390)
Charge to profit or loss			516,155	513,390
			<u>2,765</u>	<u>-</u>
Liability at 31 December 2022				

Deferred tax losses in the Company of £596,946 (2021: £456,610) have been provided for specifically to cover deferred tax liabilities in respect of accelerated capital allowances of £596,946 (2021: £Nil) and are sufficient to reverse within 12 months if required, however are anticipated to reverse within 3-5 years. Additional unrecognised tax losses, with an asset value of £469,443 are not recognised as a company asset on the basis that their utilisation is presently uncertain and may reverse in greater than 5 years.

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>111,146</u>	<u>114,988</u>

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Retirement benefit schemes

(Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2

There has been no change to the structure or value of the share capital of the parent company during the year.

23 Acquisition of a business

On 9 November 2022 the group acquired 100% of the issued capital of Envases Hull Ltd. This acquisition has been accounted for under the acquisition method of accounting for business combinations.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Property, plant and equipment	12,106	-	12,106
Inventories	201,390	-	201,390
Trade and other receivables	283,941	-	283,941
Cash and cash equivalents	110,967	-	110,967
Trade and other payables	(138,549)	-	(138,549)
Tax liabilities	(65,050)	-	(65,050)
Deferred tax	(2,300)	-	(2,300)
Share capital	(1)	-	(1)
Total identifiable net assets	402,504	-	402,504
Goodwill			690,621
Total consideration			1,093,125
The consideration was satisfied by:			£
Cash			917,699
Deferred consideration			75,000
Professional Fees			100,426
			1,093,125

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Acquisition of a business

(Continued)

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	33,015
Loss after tax	(38,292)

24 Financial commitments, guarantees and contingent liabilities

In order for the subsidiary company, Envases Hull Ltd, to take the audit exemption in section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of the subsidiary at 31 December 2022 until those liabilities are satisfied in full.

25 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	137,732	49,289	53,232	49,289
Between two and five years	280,048	49,718	26,548	49,718
	<u>417,780</u>	<u>99,007</u>	<u>79,780</u>	<u>99,007</u>

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	<u>309,969</u>	<u>-</u>	<u>309,969</u>	<u>-</u>

A binding commitment for the purchase of a tangible fixed asset was made during the year ended 31 December 2022. The total amount is for \$375,000, translated to GBP at the 31 December 2022 spot rate.

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	267,616	481,184

Certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be Key Management Personnel, these individuals are in addition to the company Directors, whose remuneration is disclosed separately in note 7 of these financial statements.

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Group				
Envases Aesch AG	-	11,464	-	-
Envases Chicago Corporation	1,610,612	1,171,770		
Envases Öhringen GmbH	160,677	175,767	23,564	37,076
Envases Halstren	-	-	2,974	-
Envases Germany Holding GmbH	-	-	308,652	359,279
Envases Europe A/S	-	-	100,746	-

£104,931 (2021: £103,561) of the purchases from Envases Germany Holding GmbH relate to management charges and £203,722 (2021: £255,738) relate to loan interest payments.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Envases Aesch AG	-	2,147
Envases Öhringen GmbH	143,890	120,376
Envases Germany Holding GmbH	885,434	578,682
Envases Germany Holding GmbH - Formal Loan (Note 18)	12,244,328	8,644,328
Envases Europe A/S	4,559	-

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 Balance £	2021 Balance £
Group		
Envases Chicago Corporation	545,912	330,732
Envases Öhringen GmbH	-	7,407

The company has taken advantage of the exemption conferred by paragraph 33.1A relating to "Related party disclosures" not to disclose transactions with group members included in these consolidated accounts.

28 Controlling party

The ultimate EEA parent undertaking and controlling party is Envases Europe A/S for which group financial statements are drawn up in which the entity is included, for the year ended 31 December 2022; which can be obtained from <https://datacvr.virk.dk/>

The registered office of Envases Europe A/S is:

Hedenstedvej 14
Løsning
8723
Denmark

29 Cash generated from/(absorbed by) group operations

	2022 £	2021 £
Loss for the year after tax	(346,024)	(369,225)
Adjustments for:		
Taxation charged/(credited)	490,168	(191,858)
Finance costs	201,836	224,314
Investment income	(2)	-
Gain on disposal of tangible fixed assets	-	(4,288)
Amortisation and impairment of intangible assets	690,621	-
Depreciation and impairment of tangible fixed assets	668,130	636,375
Movements in working capital:		
Decrease/(increase) in stocks	239,450	(718,564)
Decrease/(increase) in debtors	18,353	(202,714)
(Decrease)/increase in creditors	(431,945)	183,990
Cash generated from/(absorbed by) operations	1,530,587	(441,970)

ENVASES LIVERPOOL LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

30 Analysis of changes in net debt - group

	1 January 2022	Cash flows	Acquisitions and disposals	31 December 2022
	£	£	£	£
Cash at bank and in hand	1,650,065	2,618,322	(1,093,125)	3,175,262
Borrowings excluding overdrafts	(8,644,328)	(3,600,000)	-	(12,244,328)
	<u>(6,994,263)</u>	<u>(981,678)</u>	<u>(1,093,125)</u>	<u>(9,069,066)</u>