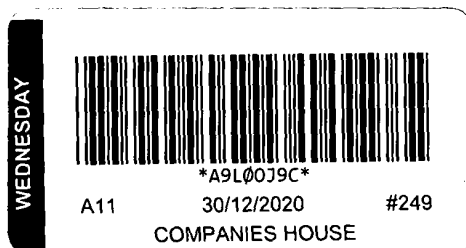


Registration number: 00677556

LINPAC Group Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



LINPAC Group Holdings Limited

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LINPAC Group Holdings Limited

Company Information

Directors	D A Dayan (resigned on 11 April 2019) M P Nicholls (resigned on 1 July 2019) J A Jones (appointed 1 July 2019) A R Barnett (appointed on 1 July 2019)
Company secretary	R M Tamas
Registered office	Linpac Wakefield Road Featherstone Pontefract West Yorkshire WF7 5DE, United Kingdom
Solicitors	Linklaters LLP One Silk Street London EC2V 8HQ
Bankers	Lloyds Bank plc. 25 Gresham Street London EC2V 7HN
Independent Auditors	Deloitte LLP Statutory Auditor Leeds United Kingdom

LINPAC Group Holdings Limited

Strategic Report for the year ended 31 December 2019

The directors of LINPAC Group Holdings Limited (the "Company") present their Strategic Report together with the audited financial statements of the company for the year ended 31 December 2019.

Principal activity and business review

The company is a group financing company holding intercompany indebtedness with other group Kleopatra Holdings 2 S.C.A. companies and hosts the costs for the management of the group.

The loss for the financial year was £3,971,000 (2018: £9,881,000). The directors do not recommend the payment of a dividend within the year ended 31 December 2019 (2018: £nil). Included in the loss for the year are net exceptional expenses totalling £2,120,000 (2018: £4,895,000). Most of these costs are related to restructuring projects.

The net liabilities of the Company at the year-end were £48,621,000 (2018: £44,650,00).

During 2017, LINPAC Senior Holdings Limited, the former ultimate parent of LINPAC Group Holdings Limited, together with all of its subsidiaries, was acquired by and became an indirect wholly-owned subsidiary of Kleopatra Holdings 2 S.C.A., a company incorporated in Luxembourg. The ultimate parent company is Kleopatra Holdings 1 S.C.A. The new Group's results are consolidated within Kleopatra Holdings 2 S.C.A. The ultimate controlling party is Strategic Value Partners LLP.

The immediate parent undertaking of Linpac Group Holdings Limited remains Linpac Finance Limited.

The smallest and largest group in which the Company is consolidated at 31 December 2019 is Kleopatra Holdings 2 S.C.A, a company registered in Luxembourg. Copies of the financial statements are publicly available and upon request from RCS Luxembourg B 168851, 46A Avenue J. F. Kennedy, 1855 Luxembourg.

Throughout these financial statements, the term 'Group' refers to Kleopatra Holdings 2 S.C.A. and its consolidated subsidiaries.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Kleopatra Holdings 2 S.C.A., which include those of the company, are discussed in the Directors' Report in Kleopatra Holdings 2 S.C.A. annual report, which does not form part of this report (see note 20). Such risks are managed on a group basis.

Brexit is unlikely to have any direct impact on the entity's outlook because the entity does not trade with customers.

Given the straightforward nature of this Company, Covid-19 is not expected to have a material impact on this entity.

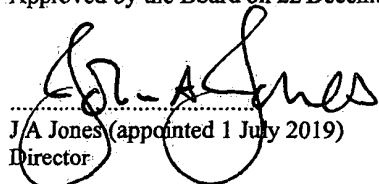
LINPAC Group Holdings Limited

Strategic Report for the year ended 31 December 2019 (continued)

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The Kleopatra Holdings 2 S.C.A. annual report includes details of the KPIs that are used across the group.

Approved by the Board on 22 December 2020. and signed on its behalf by:



.....
J/A Jones (appointed 1 July 2019)
Director

LINPAC Group Holdings Limited

Directors' Report for the year ended 31 December 2019

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2019.

Financial risk management

Management of the group and the execution of its strategy are subject to a number of financial risks, including currency risk, liquidity risk and interest rate risk. These are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. This risk management process is carried out at a strategic and at an operational level, covering all primary disciplines within the group's significant businesses.

Currency risk

The group experienced some currency volatility following the UK referendum on EU membership, however the effects on the bottom line were limited in the year. The group is well located geographically in relation to its markets, which also provides production flexibility, and has a relatively balanced revenue and cost portfolio, which creates a natural hedge. The group has some direct and indirect exposure to the UK market and will continue to monitor the effects of a UK withdrawal from the European Union.

Liquidity risk

By the use of established short term and longer term forecasting processes, the group ensures that sufficient committed facilities are in place to meet the requirements of the business. This takes into account cash flows from operations and the group's holdings of cash and cash equivalents. Sufficient liquidity headroom exists to meet current forecast requirements.

Interest rate risk

The company's interest rate risk principally arises from its term loan bank debt where the interest is subject to variable rates dependent on EURIBOR. This risk has historically been mitigated by the use of interest rate swaps, but currently no such instruments are in place. The directors constantly review this position and will take appropriate action to address this risk if required.

Going concern

The directors have considered the going concern status of the company and have a reasonable expectation that the company has adequate resources and financial support from Kleopatra Holdings 2 S.C.A., to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements. Kleopatra Holdings 2 S.C.A. has confirmed in writing that it will continue to provide financial support for the foreseeable future and for a period of twelve months from the date of approval of the financial statements. Please refer to the accounting policies section for further information.

Directors

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

D A Dayan (resigned on 11 April 2019)

M P Nicholls (resigned on 1 July 2019)

J A Jones (appointed 1 July 2019)

A R Barnett (appointed on 1 July 2019)

LINPAC Group Holdings Limited

Directors' Report for the year ended 31 December 2019 (continued)

Employees

The group is an equal opportunity employer. Policies and practices are established where considered necessary to ensure that, as far as possible, no job applicant or employee receives less favourable treatment on racial grounds or on grounds of gender, age or marital status, or is disadvantaged by unjustifiable conditions or requirements.

It is the policy of the group to provide equal opportunities in the appointment, training and career development of disabled persons and training of employees who have become disabled while employed by the group, having regard to their particular aptitudes and abilities.

It is the policy of the group to keep employees involved and informed about developments within, and the state of affairs of, the group as appropriate.

The Group communicates the Group-wide information to employees via a monthly newsletter, together with a quarterly 'Town Hall' web update.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

Future developments

The level of activity in the company is expected to remain on similar levels over the coming twelve months.

Non adjusting events after the financial period

Please refer to Note 21 for details of non-adjusting events after the balancesheet date.

Disclosure of information to the auditors

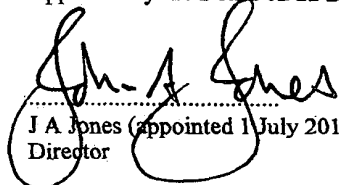
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Reappointment of auditors

The auditor, Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

Approved by the Board on 22 December 2020 and signed on its behalf by:



.....
J A Jones (appointed 1 July 2019)
Director

LINPAC Group Holdings Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 the 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; 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.

The directors 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.

LINPAC Group Holdings Limited

Independent Auditor's Report to the members of LINPAC Group Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Linpac Group Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 21

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

LINPAC Group Holdings Limited

Independent Auditor's Report to the members of LINPAC Group Holdings Limited (continued)

Other information (continued)

We have nothing to report in respect of these matters.

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. This description forms part of our auditor's report.

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.

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.

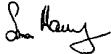
We have nothing to report in respect of these matters.

LINPAC Group Holdings Limited

Independent Auditor's Report to the members of LINPAC Group Holdings Limited (continued)

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.



.....
Simon Manning FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds
United Kingdom
22 December 2020

LINPAC Group Holdings Limited

Income Statement for the year ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Other operating income		9,046	14,595
Administrative expenses before exceptional items		(9,826)	(18,148)
Exceptional administrative expenses	5	<u>(2,120)</u>	<u>(4,895)</u>
Total administrative expenses		<u>(11,946)</u>	<u>(23,043)</u>
Operating loss	4	<u>(2,900)</u>	<u>(8,448)</u>
Other interest receivable and similar income	7	3,054	3,086
Interest payable and similar charges	7	<u>(4,360)</u>	<u>(4,654)</u>
	7	<u>(1,306)</u>	<u>(1,568)</u>
Loss on ordinary activities before taxation		(4,206)	(10,016)
Tax on loss on ordinary activities	8	<u>235</u>	<u>135</u>
Loss and total comprehensive (expense) for the financial year		<u>(3,971)</u>	<u>(9,881)</u>

There is no other comprehensive income for the year and therefore no separate Statement of Comprehensive Income was prepared.

The above results were derived from continuing operations.

The notes on pages 13 to 32 form an integral part of these financial statements.

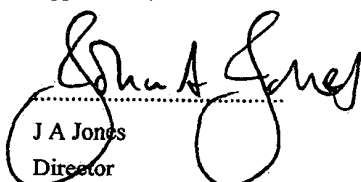
LINPAC Group Holdings Limited

(Registration number: 00677556)

Statement of Financial Position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Property, plant and equipment	9	865	1,001
Investments	10	165,071	165,071
Right-of-use assets	11	1,178	-
		<u>167,114</u>	<u>166,072</u>
Current assets			
Trade and other receivables	12	386,601	387,878
Income tax asset		83	64
Cash and cash equivalents		1,187	1,987
		<u>387,871</u>	<u>389,929</u>
Creditors: amounts falling due within one year	14	(538,622)	(523,525)
Short-term lease liabilities		<u>(573)</u>	<u>-</u>
Net current liabilities		<u>(151,324)</u>	<u>(133,596)</u>
Total assets less current liabilities		15,790	32,476
Creditors: amounts falling due after more than one year			
Loans and borrowings	15	(63,807)	(77,126)
Long-term lease liabilities		<u>(604)</u>	<u>-</u>
Net liabilities		<u>(48,621)</u>	<u>(44,650)</u>
Equity			
Called up share capital	17	89,486	89,486
Other reserves		(401)	(401)
Accumulated losses		<u>(137,706)</u>	<u>(133,735)</u>
Shareholders' deficit		<u>(48,621)</u>	<u>(44,650)</u>

Approved by the Board on 22 December 2020 and signed on its behalf by:


 J A Jones
 Director

The notes on pages 13 to 32 form an integral part of these financial statements.

LINPAC Group Holdings Limited

Statement of Changes in Equity for the year ended 31 December 2019

	Called up Share capital £ 000	Foreign currency translation £ 000	Accumulated losses £ 000	Total shareholders' deficit £ 000
At 1 January 2018	89,486	(401)	(123,854)	(34,769)
Loss for the financial year	<u>-</u>	<u>-</u>	<u>(9,881)</u>	<u>(9,881)</u>
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>(9,881)</u>	<u>(9,881)</u>
At 31 December 2018	<u>89,486</u>	<u>(401)</u>	<u>(133,735)</u>	<u>(44,650)</u>

	Called up Share capital £ 000	Foreign currency translation £ 000	Accumulated losses £ 000	Total shareholders' deficit £ 000
At 1 January 2019	89,486	(401)	(133,735)	(44,650)
Loss for the financial year	<u>-</u>	<u>-</u>	<u>(3,971)</u>	<u>(3,971)</u>
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>(3,971)</u>	<u>(3,971)</u>
At 31 December 2019	<u>89,486</u>	<u>(401)</u>	<u>(137,706)</u>	<u>(48,621)</u>

The notes on pages 13 to 32 form an integral part of these financial statements.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

LINPAC Group Holdings Limited (the "company") is a group financing company holding intercompany indebtedness with other group Kleopatra Holdings 2 S.C.A companies and hosts the costs for the management of the group. The principal activity of the company is detailed in the Strategic Report.

The company is a private company limited by share capital incorporated and domiciled in England, United Kingdom and registered in England and Wales under the Companies' Act 2006.

The address of its registered office is:

Linpac
Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE, United Kingdom
United Kingdom

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements of LINPAC Group Holdings Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency and the currency of the primary economic environment in which the Company operates.

Basis of preparation continued

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with the FRS 101. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Kleopatra Holdings 2 S.C.A and can be obtained as disclosed in Note 20:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

- Paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1;
- The requirements of IAS 7 Statement of Cash Flows;
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'.

Changes in accounting policy

IFRS 16 Leases

The Company adopted IFRS 16 as from 1 January 2019. Under IFRS 16 the majority of the leases became on-balance sheet liabilities with underlying right-of-use assets.

The Company applied the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying IFRS 16, as of 1 January 2019, to retained earnings and not to restate prior years. Initial direct costs were excluded. The Company has elected to apply the practical expedient not to reassess whether a contract is or contains a lease on transition to IFRS 16. As such, the definition of a lease in accordance with IAS 17 will continue to be applied to leases entered before the adoption date.

After the adoption date, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset and obtain substantially all of the economic benefits from use of the asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date.

The lease liability is subsequently measured at amortized cost using the effective interest method. When determining the lease term, extension or termination options on lease contracts are considered if the Company is reasonably certain on a case by case basis following a regular management assessment.

The summary of significant effects on the individual items on the statement of financial position were as follows:

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Summary of significant accounting policies(continued)

	1 January 2019 £'000
Assets	
Right-of-use assets	<u>1,625</u>
Effect on total assets	<u>1,625</u>
Liabilities	
Current liabilities	99
Non-current liabilities	<u>1,526</u>
Effect on lease liabilities	<u>1,625</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

At 1st January 2019, £1.625m of right of use assets and liabilities were recognised under the modified retrospective approach and consequently no retrospective adjustment to the prior year is made.

Lease liabilities are associated with leases previously classified as operating leases according to IAS 17. The lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at 1 January 2019.

Right-of-use assets and lease liabilities

The Company leases land and buildings for its office space as well as motor vehicles. The leases typically run for a period of 1 to 4 years. Several leases have termination clauses. Most of these clauses require notice periods, typically from three to twelve months of notice.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its expected useful life and the lease term. Right-of-use assets are subject to impairment.

In the assessment of the lease term, the Company uses its incremental borrowing rate ("IBR") as the discount rate. When determining the IBR the following information is taken into account: the Company's credit rating, the collateral granted to the lessor, the term of lease arrangement and the amount and currency in which the borrowing is taking place. The Company's weighted average IBR applied to lease liabilities recognized in the statement of financial position as of 31 December 2019 is 5.38%.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company has also elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e. less than 12 months) and leases of low-value assets. This will be applied to all eligible leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements of the company. The impacts to the group are detailed in the Kleopatra Holdings 2 S.C.A annual report.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

Going concern

The directors have considered the going concern status of the company and have a reasonable expectation that the company has adequate resources and financial support from Kleopatra Holdings 2 S.C.A., to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements. Kleopatra Holdings 2 S.C.A. has confirmed in writing that it will continue to provide financial support for the foreseeable future and for a period of twelve months from the date of approval of the financial statements.

The net liabilities of the company at 31 December 2019 are £48.621m. Kleopatra Holdings 2 S.C.A. has cash at bank of €51.8m at 31 December 2019.

In determining the appropriate basis of preparation of the financial statements, the Directors' are required to consider whether the Company can continue in operational existence for the foreseeable future. The Company's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Strategic Report and Directors Report. In addition, the material financial and operational risks and uncertainties that impact the Company's performance are outlined in the Strategic Report.

The Directors have considered the position of the Company at the year, its recent trading performance and forecasts over a period of at least 12 months from the date of signing these financial statements. As a result of this process, at the time of approving the financial statements, the Directors are of the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements.

Consolidation

The company is a wholly owned subsidiary of LINPAC Finance Limited. It is included in the consolidated financial statements of Kleopatra Holdings 2 S.C.A, which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Foreign currencies

a) Functional and presentation currency

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the statement of financial position date. All differences are taken to the profit and loss account in the year in which they arise.

b) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statements, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of the assets, which are as follows:

Plant and machinery 3-10 years

Furniture, fittings and equipment 10 years

Capital work-in-progress is not depreciated until such time as it has been completed and transferred to the other relevant category of tangible fixed assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized with 'Administrative expenses' in the income statement.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Financial assets

Financial assets include cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are primarily for amounts due from other group companies for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Creditors

Creditors are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. Creditors are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

Impairments

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. The current tax payable is based on taxable profit for the year.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income 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.

Other operating income

Other operating income consists of central charges issued to other group companies and is recognised on the basis of work completed.

According to IFRS 15, sales revenue is measured at the amount the entity expects to receive and recognize in exchange for goods and services when control of the agreed goods or services and the benefits obtainable from them are transferred to the customer. Control can be transferred at a certain point in time or over a period of time.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. The principal events which may give rise to these items include business restructuring and closure costs, including related asset impairments and trading losses during the closure period, business acquisition and integration costs, gains or losses on disposal of businesses and property, significant litigation and tax claims, other losses, which, in managements judgement, could distort an assessment of underlying business performance.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. There are no judgements other than those noted below.

Critical accounting estimates

(a) Impairment of investments and loans

Investments and loans are reviewed at each statement of financial position date to determine whether there is any indication of impairment. When assessing whether there is an impairment of investments, management considers the investments recoverability of the amount which is estimated.

(b) Impairment of trade receivables

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

(c) Incremental borrowing rate

The company makes an estimate of the incremental borrowing rate for the purpose of valuing its right-to-use assets and liabilities. When assessing the incremental borrowing rate, management considers the known external borrowing rate of known leases.

Critical accounting judgements

There are no judgements.

4 Operating loss

Arrived at after charging

	2019	2018
	£ 000	£ 000
Staff costs	6,694	6,138
Depreciation expense	755	183
Services provided by the company's auditors and their associates:		
Fees payable to the company's auditors and their associates for the audit of the company's subsidiaries pursuant to legislation	<u>87</u>	<u>102</u>

Depreciation shown in the table above includes depreciation relating to right of use assets of £548,000 (2018: £Nil).

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5 Exceptional administrative expenses

	2019	2018
	£ 000	£ 000
Restructuring projects	(2,120)	(4,895)

During the year there were operating items that due to their size and nature have been recognised as exceptional in the Income Statement. The total cost of these items were £2,120,000 (2018: £4,895,000).

Most of the exceptional costs are related to one-off restructuring projects and legal cases.

6 Employees and directors

	2019	2018
	No.	No.
The average monthly number of employees (excluding directors) during the year (all administrative) was:	<u>56</u>	<u>54</u>
	£ 000	£ 000
Staff costs consist of:		
Wages and salaries	5,944	5,411
Social security costs	566	525
Other pension costs	<u>184</u>	<u>202</u>
	<u>6,694</u>	<u>6,138</u>

Staff costs recharged to other group companies and included in the above disclosure amount to £634,000 (2018: £513,000).

	2019	2018
	£'000	£'000
Staff costs include emoluments of the executive directors as follows:		
Salaries and other short term benefits	3,064	1,521
Contributions to money purchase pension schemes	<u>99</u>	<u>17</u>
Total	<u>3,163</u>	<u>1,538</u>

Emoluments include those in respect of directors who provide their services to and are remunerated by the company.

The number of directors accruing benefits under the defined contribution scheme was 3 (2018:2).

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Employees and directors(continued)

	2019 £'000	2018 £'000
Details of the highest paid Director's remuneration are:		
Aggregate emoluments (excluding pension contributions)	1,155	1,186

7 Finance costs - net

	2019 £ 000	2018 £ 000
Other interest receivable and similar income:		
Interest income on loans owed by group undertakings	3,054	3,086
Interest payable and similar charges:		
External borrowings	(171)	(671)
Interest expense on loans owed to group undertakings	(4,125)	(3,983)
Interest on lease liabilities	(64)	-
Total finance cost	<u>(4,360)</u>	<u>(4,654)</u>
Net finance cost	<u><u>(1,306)</u></u>	<u><u>(1,568)</u></u>

8 Tax on loss

Tax credited in the income statement

	2019 £ 000	2018 £ 000
Income tax credited	<u>(235)</u>	<u>(135)</u>

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	<u>(4,206)</u>	<u>(10,016)</u>
Corporation tax at standard rate	(799)	(1,903)
Effect of expenses not deductible in determining taxable profit	7	1,001
Tax losses for which no deferred tax asset was recognised	-	(3,629)
Increase (decrease) arising from group relief tax reconciliation	(3,585)	-
Transfer pricing adjustments	4,282	4,497
Unrecognised temporary difference from a prior period	(150)	(105)
Changes in tax rates or laws	10	4
Total tax credit	<u><u>(235)</u></u>	<u><u>(135)</u></u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Tax on loss (continued)

The Chancellor announced that the main UK corporation tax rate would be reduced from the current rate of 19%, which was applied from 1 April 2017, to 17% from 1 April 2020. The reduction in the corporation tax rate to 17% was included in the UK Finance Act 2016 that was enacted in September 2016.

In March 2020, after the balance sheet date, Parliament passed new legislation to keep the main rate of UK corporation tax at 19% for financial years beginning 1st April 2020 and 1st April 2021.

9 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
At 31 December 2018			
Cost	366	1,975	2,341
Accumulated depreciation and impairment	-	(1,340)	(1,340)
Net Book Value	<u>366</u>	<u>635</u>	<u>1,001</u>
At 31 December 2019			
Cost	366	1,975	2,341
Additions	-	71	71
Total cost	<u>366</u>	<u>2,046</u>	<u>2,412</u>
Accumulated depreciation	-	(1,340)	(1,340)
Depreciation	-	(207)	(207)
Total accumulated depreciation	<u>-</u>	<u>(1,547)</u>	<u>(1,547)</u>
Net book amount	<u>366</u>	<u>499</u>	<u>865</u>

10 Investments

Investments in subsidiaries comprise:	£ 000
Cost	
At 1 January 2019 and 31 December 2018	357,621
Impairment provision:	
At 1 January 2019 and 31 December 2018	<u>(192,550)</u>
Net book value	
At 31 December 2018 and 31 December 2019	<u>165,071</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

At the statement of financial position date the company owned the following subsidiary undertakings:

Subsidiary	Registered address	Activity	Country of incorporation	% of Share Capital owned
LINPAC Europe Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE	Dormant company	UK	100
LINPAC Finance (No.2) Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE	Dormant company	UK	100
LINPAC Finance (No.3) Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE	Dormant company	UK	100
LINPAC Holdings Deutschland GmbH	Brodenstrasse 11 28195 Bremen, Germany	Holding company	Germany	100
LINPAC Holdings (Northern Europe) GmbH	Brodenstrasse 11 28195 Bremen, Germany	Holding company	Germany	100
LINPAC Mouldings Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE	Dormant company	UK	100
LINPAC Mouldings GmbH	Brodenstrasse 11 28195 Bremen, Germany	Holding company	Germany	100
LINPAC Packaging Australia Pty Ltd	28 Distribution Drive, Truganina VIC 3029, Australia	Plastic conversion	Australia	100
LINPAC Packaging BV	Satorius 4-11, Industrial area IBF, 8448 CC Heerenveen, Holland	Marketing	Netherlands	100
LINPAC Packaging (Changzhou) Co Ltd	No 16, Fengqi Road, Wujin High-Tech Industrial Development Zone, Changzhou City, Jiangsu, China	Plastic conversion	China	100
LINPAC Packaging China Holdings Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE, UK	Finance/Holding company	UK	100
LINPAC Packaging Dalidet SAS	Rue Abbé Angot, 53340 Ballée, France	Plastic conversion	France	100
LINPAC Packaging East	Lenin Street 223A, Orsha, Vitebsk Region, 211391, Belarus	Plastic conversion	Belarus	100
LINPAC Packaging GmbH	Deltastraße 1, 27721 Ritterhude, Germany	Plastic conversion	Germany	100
LINPAC Packaging Holdings SL	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Holding company	Spain	100
LINPAC Packaging Kft	2045 Töröskálmt. Depo 3, Hungary	Marketing	Hungary	100
LINPAC Packaging Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE, UK	Plastic conversion	UK	100

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Subsidiary	Registered address	Activity	Country of incorporation	% of Share Capital owned
LINPAC Packaging Italia SpA.	Via Monte Pastello 40, San Giovanni Lupatoto, 37057 VR, Italy	Holding company	Italy	100
LINPAC Packaging Pontivy SAS	Parc d'Activités de Kerguilloten, 56920 Noyal-Pontivy, France	Plastic conversion	France	100
LINPAC Packaging Pravia SA	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Plastic conversion	Spain	100
LINPAC Packaging Production Sp.z.o.o.	Bukowice 39, 56-120 Brzeg Dolny, Poland	Plastic conversion	Poland	100
LINPAC Packaging Provence SAS	Parc d'Activités de Kerguilloten, 56920 Noyal-Pontivy, France	Holding company	France	100
LINPAC Packaging Rigid GmbH	Am Bahnhof Oegeln 315848 Beeskow, Germany	Plastic conversion	Germany	100
LINPAC Packaging Romania Srl	Traian Vuia Street no 208, Cluj Napoca, Cluj 400397, Romania	Marketing	Romania	100
LINPAC Packaging Verona Srl	Via Monte Pastello 40, San Giovanni Lupatoto, 37057 VR, Italy	Plastic conversion	Italy	100
LINPAC Packaging Spol.S.r.o.	Cerna Silnice 1457, 295 01 Mnichovo Hradiste, Czech Republic	Plastic conversion	Czech Republic	100
LINPAC Packaging Sro	Vasinova 61, 94901 Nitra, Slovakia	Marketing	Slovakia	100
LINPAC Plastics GB Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE, UK	Dormant company	UK	100
Moldpack SL	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Tooling	Spain	100
Ovarpack Embalagens SA	Z. Ind. de Ovar, Rua de Cabo Verde, 3881-902 Ovar, Portugal	Marketing	Portugal	100
LA 2012 Ltd	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE, UK	Holding company	UK	100
Infes S.r.l	Via Caduti de Via Fani 85, Bertinoro, 47032 FC, Italy	Plastic conversion	Italy	100
Infes Iberica SL	Poligono S.P.I.2., Parcela 5, 46530 Puzol, Spain	Marketing	Spain	75
Infes Plastic SL	Poligono S.P.I.2., Parcela 5, 46530 Puzol, Spain	Plastic conversion	Spain	90
LINPAC Distribution SAS	Parc d'Activités de Kerguilloten, 56920 Noyal-Pontivy, France	Marketing	France	100

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Subsidiary	Registered address	Activity	Country of incorporation	% of Share Capital owned
PICNAL France SAS	Parc d'Activités de Kerguilloten, 56920 Noyal-Pontivy, France	Holding company	France	100
LINPAC Trading RUS LLC	2 ya Melitopolskaya str. 4a, bld.40, Moscow, Russia, 117623	Marketing	Russia	100

In the opinion of the directors, the value of the company's investments is not less than the amount at which they are stated in the statement of financial position. Investments are held in the form of ordinary shares.

11 Right-of-use assets

The following table presents the amounts relating to right-of-use assets:

	Motor vehicles £'000	Land and buildings £'000	Total £'000
At 1 January 2019	161	1,464	1,625
Additions	101	-	101
At 31 December 2019	<u>262</u>	<u>1,464</u>	<u>1,726</u>
Depreciation			
At 1 January 2019	-	-	-
Charge for the year	(92)	(456)	(548)
At 31 December 2019	<u>(92)</u>	<u>(456)</u>	<u>(548)</u>
Carrying amount			
At 31 December 2018	<u>161</u>	<u>1,464</u>	<u>1,625</u>
At 31 December 2019	<u>170</u>	<u>1,008</u>	<u>1,178</u>

For adjustments recognized on adoption of IFRS 16 on 1 January 2019, please refer to note 2. In particular, no restatement of the prior year has been made.

12 Trade and other receivables

	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	17,699	33,466
Loans owed by group undertakings	362,135	348,751
Prepayments and accrued income	<u>5,968</u>	<u>5,097</u>
	<u>385,802</u>	<u>387,314</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Trade and other receivables (continued)

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand. These represent amounts receivable from other group companies.

Loans owed by group undertakings are unsecured and repayable on demand. Interest on these loans is charged at a combination of fixed rate and floating rate of 3.5% margin above LIBOR.

Due after more than one year

	2019 £ 000	2018 £ 000
Deferred tax assets (note 16)	<u>799</u>	<u>564</u>

13 Lease Liabilities

As of 1 January 2019, the Company recognized lease liabilities in the amount of £1.625m. These accounted for assets previously accounted for as operating leases under IAS 17.

	At 1 January 2019 £ 000
Recognized as current lease liabilities	99
Recognized as non-current lease liabilities	<u>1,526</u>
Recognized lease liabilities	<u>1,625</u>

As at 31 December 2019, the maturities for lease liabilities are as follows:

	31 December 2019 £'000
Due within 1 year	573
Later than 1 year and not later than 5 years	604
Later than five years	<u>-</u>
	<u>1,177</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Bank overdraft	3,269	8,740
Trade creditors	453	825
Amounts owed to group undertakings	1,198	1,242
Loans due to group undertakings	530,444	508,652
Accruals and deferred income	3,258	4,066
	<u>538,622</u>	<u>523,525</u>

A cross-guarantee and set-off agreement exists in respect of overdrafts between the company and other UK subsidiary companies of the indirect holding company, LINPAC Senior Holdings.

Amounts owed to group undertakings incur no interest and are repayable on demand. These represent amounts payable through the normal course of business to other group companies.

Loans due to group undertakings are unsecured and repayable on demand. Interest on these loans is charged at a combination of fixed rate and floating rate of 3.5% margin above LIBOR.

15 Loans and borrowings

	2019	2018
	£ 000	£ 000
Non-current loans and borrowings		
Loan due to group undertakings	<u>63,807</u>	<u>77,126</u>

Loan due to group undertakings is unsecured and repayable on 31 December 2022. Interest on this loan is charged quarterly at a floating rate at a margin above LIBOR.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2019	
Accelerated tax depreciation	429
Provisions	-
Other items	370
	<u>799</u>
2018	
Accelerated tax depreciation	429
Provisions	-
Other items	135
	<u>564</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Deferred tax (continued)

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognized in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	429	-	429
Provisions	-	-	-
Other items	135	235	370
Net tax assets/(liabilities)	564	235	799

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognized in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	429	-	429
Provisions	-	-	-
Other items	-	135	135
Net tax assets/(liabilities)	429	135	564

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

17 Called up share capital

Allotted, called up and fully paid shares

	No. 000	2019 £ 000	No. 000	2018 £ 000
Ordinary shares of £1 each	<u>89,486</u>	<u>89,486</u>	<u>89,486</u>	<u>89,486</u>

18 Contingent liabilities

In prior years, cross-border Group relief has been claimed in the UK, using losses arising in non-UK entities. HMRC has enquired into these claims. Following a CJEU ruling in February 2015 the EU loss claims were provisionally withdrawn. In the absence of the EU loss claims, the company would instead ordinarily have claimed Group relief from other UK companies to reduce taxable profits to £nil. HMRC has refused to accept the original group relief claims. Without such Group relief from other UK entities, the withdrawal of the EU loss claims will lead to a tax liability of circa £11,100,000 plus interest (2018: £11,100,000 plus interest). The company lodged an appeal to the First Tier Tribunal and judicial review proceedings to the High Court (which is stayed pending the First Tier Tribunal appeal) against HMRC's refusal with the hearing heard on 6 & 7 March 2019. The Company lodged an appeal to the First Tier Tribunal against HMRC's refusal and, by judgment dated 31 January 2020, the First Tier Tribunal agreed with the Company's position. HMRC subsequently agreed on 19 March 2020 that no further appeal would be made against the First Tier Tribunal decision. Consequently, no additional tax is payable by the Company and this matter is now closed.

An assessment was made by HMRC against a subsidiary within the group in relation to VAT for the period 1 January 2009 to 30 June 2015 totaling £5,900,000. The company engaged in discussions with HMRC in relation to the assessment and reached a settlement of £354k plus interest. At the date of these financial statements, HMRC have now issued agreement to the methodology proposed by the Company for the period from 1 July 2015 to date. The company is now applying the methodology agreed with HMRC and expects the additional VAT due in the region of £200,000.

19 Related party transactions

The company has taken advantage of the exemption granted by Financial Reporting Standard 101 not to disclose transactions with other wholly owned group companies.

Sales and purchases with related parties are made in the normal course of business and on an arm's length basis.

See note 6 for disclosure of the director's remuneration.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

20 Parent and ultimate parent undertaking

The company's immediate holding company is LINPAC Finance Limited.

The Company's ultimate parent undertaking is Kleopatra Holdings 1 S.C.A, a company incorporated in Luxembourg. The Company's ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2019 they manage funds holding 92.96% of the equity (2018: 92.96%).

Kleopatra Holdings 2 S.C.A. is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Kleopatra Holdings 2 S.C.A.'s consolidated financial statements can be obtained from the Company Secretary at the registered address of 46A Avenue John F. Kennedy, 1855 Luxembourg.

21 Non adjusting events after the financial period

Please refer to Note 21 for details of non-adjusting events after the balance sheet date.

From August 2020 to November 2020, KP Group has been undertaking an internal corporate restructuring of shareholdings within KP Group, as part of the integration process between KP Group and LINPAC Group, embedding a more efficient capital and corporate structure.

This resulted in LINPAC Group Holdings and its subsidiaries becoming the direct/indirect owner of a number of KP Group entities worldwide. All transactions were carried out at market value and with the professional assistance of EY and PWC.