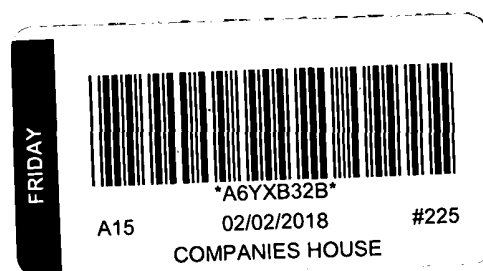


# **Amcor Flexibles Winterbourne Limited**

**Annual Report**  
**for the year ended 30 June 2017**

**Registered number 2456291**



## Contents

	<b>Page</b>
Directors, officers and advisers	1
Directors' report	2
Strategic report	4
Independent auditors' report to the shareholders of Amcor Flexibles Winterbourne Limited	5
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10

## **Directors, officers and advisers**

### **Directors**

Christopher Brown  
Stephen Morton  
Michael Watts

### **Registered office**

Amcor Central Services Bristol  
83 Tower Road North  
Warmley, Bristol  
BS30 8XP

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
2 Glass Wharf,  
Bristol,  
BS2 0FR

## Directors' report

The directors submit their report and audited financial statements of the company for the year ended 30 June 2017.

### General information

Amcor Flexibles Winterbourne Limited is a company limited by shares and incorporated in the United Kingdom. The address of the registered office is 83 Tower Road North, Warmley, Bristol, BS30 8XP.

The company manufactures, sells and distributes specialised packaging, primarily for use in the medical sector.

### Future developments and financial risk management

See details of future developments and financial risk management within the Strategic report.

### Statement of directors' responsibilities in respect of the financial statements

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### Results and dividends

The profit for the financial year amounted to £1,995,000 (2016: *profit of* £4,085,000). The directors do not recommend the payment of a dividend (2016: £nil).

### Directors

The directors who served during the year and up to the date of this report were:

Nicholas John Brookes (resigned 9 January 2017)  
Andrew Berrisford (resigned 15 November 2017)  
Christopher Brown (appointed 15 November 2017)  
Stephen Morton (appointed 15 November 2017)  
Michael Watts (appointed 15 November 2017)

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

### **Directors (continued)**

Roy van den Oudenhoven (resigned 25 January 2017)

### **Research and development**

Expenditure on research and development activities is incurred in order to formulate new products. The costs are written off to the profit and loss account as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable assurance. Expenditure during the year amounted to £490,000 (2016: £490,000).

### **Staff information, consultation and involvement**

The company actively encourages the involvement of all its employees in the performance of the area of activity in which they are involved and aims to achieve a sense of shared commitment. The company holds regular briefing sessions at which staff are encouraged to raise issues with the directors and senior managers.

### **Employment of disabled persons**

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for appropriate training, career development and promotion of disabled employees.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**Christopher Brown**  
Director

Amcor Central Services Bristol  
83 Tower Road North  
Warmley, Bristol  
BS30 8XP

Registered number 2456291

19 December 2017

## Strategic report

### Review of business and future developments

	2017 £000	2016 £000
<i>Key financial results</i>		
Turnover	49,785	45,418
Gross profit	11,826	11,358
Margin	23.8%	25.0%
Operating profit	1,818	3,618
Profit for the financial year	1,995	4,085
<i>Key non-financial performance indicators</i>	Number	Number
Number of employees	165	165
Number of workplace accidents requiring medical treatment		
- with no loss of production time	1	3
- with loss of production time	-	-

The year to 30 June 2017 saw top line sales increase due to the movement in both the £/€ and £/\$ exchange rate, which more than compensated for a decline in volumes. The gross margin % reduced due to increases in raw material prices. Operating profit has reduced due to increased central costs. The financial position of the company remains strong with net current assets increasing to £26.4m and net assets to £37.8m.

The directors consider the results to be satisfactory, and look forward to profitable growth as we focus on delivering quality products and services to our customers.

### Principal risks and uncertainties and financial risk management

The company principal financial assets are bank balances, amounts owed by group undertakings and trade debtors. The company participates in a group pooling arrangement, which optimises the use of cash resources across the Amcor group. This limits the company's exposure to default by individual financial institutions. Cash deposits are subject to cross guarantee's from the fellow group companies participating in the cash pooling arrangement.

The company manages its credit risk in relation to trade debtors by spreading exposure over a large number of customers, and by holding credit insurance if felt necessary.

The company has overseas business, and as a result is exposed to movements in exchange rates. The currency risk is managed by entering into forward contracts for key foreign companies, which fix a significant portion of these exposures, thereby giving certainty over a substantial part of the company's income stream and costs. The company does not enter into speculative financial instruments.

Further details of risk factors affecting the company are reported in the financial statements of Amcor Limited, the ultimate parent company (see note 20).

On behalf of the board



**Christopher Brown**  
Director

Amcor Central Services Bristol  
83 Tower Road North  
Warmley, Bristol  
BS30 8XP

19 December 2017

## **Independent auditors' report to the members of Amcor Flexibles Winterbourne Limited**

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

---

#### **Opinion**

In our opinion, Amcor Flexibles Winterbourne Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 30 June 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

---

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## ***Independent auditors' report to the members of Ancor Flexibles Winterbourne Limited (continued)***

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol 19 December 2017

**Statement of comprehensive income**  
*for the year ended 30 June 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Turnover</b>	<b>3</b>	<b>49,785</b>	45,418
<b>Cost of sales</b>		<b>(37,959)</b>	(34,060)
<b>Gross profit</b>		<b>11,826</b>	11,358
Distribution costs		<b>(1,960)</b>	(1,842)
Administrative expenses		<b>(8,048)</b>	(5,898)
<b>Operating profit</b>	<b>4</b>	<b>1,818</b>	3,618
Interest payable and similar expenses	<b>7</b>	<b>(8)</b>	(7)
<b>Profit before taxation</b>		<b>1,810</b>	3,611
Tax on profit	<b>8</b>	<b>185</b>	474
<b>Profit for the financial year</b>		<b>1,995</b>	4,085
<b>Other comprehensive income/ (expense)</b>			
Items that may subsequently be reclassified to profit or loss:			
Changes in fair value of cash flow hedges		<b>1,065</b>	(2,101)
Tax on cash flow hedges		<b>(195)</b>	394
		<b>870</b>	(1,707)
<b>Total comprehensive income for the year</b>		<b>2,865</b>	2,378

All results relate to continuing operations.

There were no other comprehensive income/ (expense) for 2017 or 2016 other than those included in the statement of comprehensive income.

## Statement of financial position

as at 30 June 2017

	Note	2017		2016	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Intangible assets	9		488		651
Tangible assets	10		10,939		11,214
			<u>11,427</u>		<u>11,865</u>
<b>Current assets</b>					
Stocks	11	6,993		5,417	
Debtors	12	33,900		35,947	
		<u>40,893</u>		<u>41,364</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(14,490)</u>		<u>(18,264)</u>	
<b>Net current assets</b>			<u>26,403</u>		<u>23,100</u>
<b>Total assets less current liabilities</b>			<u>37,830</u>		<u>34,965</u>
<b>Net Assets</b>			<u>37,830</u>		<u>34,965</u>
<b>Capital and reserves</b>					
Called up share capital	16		11,204		11,204
Share premium account			1,391		1,391
Other reserve -capital reserve			-		-
Hedge reserve	17		(235)		(1,105)
Retained earnings			25,470		23,475
<b>Total shareholders' funds</b>			<u>37,830</u>		<u>34,965</u>

The financial statements on pages 7 to 23 were approved by the board of directors on 19 December 2017 and were signed on its behalf by:



**Christopher Brown**  
Director

## Statement of changes in equity

for the year ended 30 June 2017

	Called up share capital	Share premium account	Hedge reserve	Other reserve - Capital Reserve	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000	£000	£000
At 1 July 2016	11,204	1,391	(1,105)	-	23,475	34,965
Profit for the financial year	-	-	-	-	1,995	1,995
Tax on cash flow hedges	-	-	(195)	-	-	(195)
Change in fair value of cash flow hedges	-	-	1,065	-	-	1,065
Other comprehensive income for the year	-	-	870	-	-	870
Total comprehensive income for the year	-	-	870	-	1,995	2,865
At 30 June 2017	11,204	1,391	(235)	-	25,470	37,830

## Statement of changes in equity

for the year ended 30 June 2016

	Called up share capital	Share premium account	Hedge reserve	Other reserve - Capital Reserve	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000	£000	£000
At 1 July 2015	11,204	1,391	602	82,220	(62,830)	32,587
Profit for the financial year	-	-	-	-	4,085	4,085
Capital reduction	-	-	-	(82,220)	82,220	-
Tax on cash flow hedges	-	-	394	-	-	394
Change in fair value of cash flow hedges	-	-	(2,101)	-	-	(2,101)
Other comprehensive expense for the year	-	-	(1,707)	(82,220)	82,220	(1,707)
Total comprehensive income for the year	-	-	(1,707)	(82,220)	86,305	2,378
At 30 June 2016	11,204	1,391	(1,105)	-	23,475	34,965

## Notes to the financial statements

### 1 Accounting policies

#### Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been consistently applied to all years presented:

#### Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

#### Going concern

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006.

#### Revenue

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

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Revenue (continued)

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

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

#### Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets relate to computer software and are amortised over their estimated useful economic lives of between five and eight years on a straight line basis.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use. Depreciation is applied on a straight-line basis over the estimated economic lives of the assets. The rates applied are:

Freehold buildings	-	2% per annum
Plant and equipment	-	6.7% to 25% per annum
Fixtures and fittings	-	8% per annum
Computer equipment	-	20% to 33% per annum

Freehold land is not depreciated.

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

#### Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Financial Instruments (continued)

##### Financial assets

The Company classifies all of its financial assets as loans and receivables.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### Financial liabilities

The Company classifies all of its financial liabilities, other than derivative financial instruments noted below, as liabilities at amortised cost.

##### At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Differences arising from fluctuations in exchange rates are recognised in the income statement element of the Statement of comprehensive income except where deferred in other comprehensive income as qualifying cash flow hedges.

#### Research and development expenditure

Research and development expenditure is charged to the statement of comprehensive income as incurred. Development expenditure is not capitalised as it does not meet the recognition criteria of IAS 38.

#### Current and deferred taxation

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

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

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Current and deferred taxation (continued)

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

#### Leases

Operating lease rentals are charged to the statement of comprehensive income as incurred.

#### Pensions

The company participates in a defined contribution pension scheme operated by its parent. The amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the company in an independently administered fund.

A limited number of employees also participate in a defined benefit pension scheme operated by the company's parent. Details of this scheme and its assets are disclosed in the annual financial statements of Amcor Flexibles UK Limited, which show that the defined benefit pension scheme has a deficit of £35,856,000 (2016: deficit of £34,112,000) (after recognition of the related deferred tax asset of £7,344,000 at 30 June 2017 (2016: £7,488,000)). The deficit is calculated by valuing the scheme assets using market values and the scheme liabilities being measured using a project unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. In accordance with IAS 19, as the defined benefit scheme is recognised in the financial statements of the main sponsoring company, the company has accounted for its contributions to its parent's defined benefit scheme as though it were a defined contribution scheme. This is because the underlying assets and liabilities of the scheme cover a number of group companies and it cannot be readily split between group companies on a consistent and reliable basis.

#### Derivative financial instruments and hedging activities

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.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Derivative financial instruments and hedging activities (continued)

When the hedged forecast transaction results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

#### Debtors

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

#### Creditors

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently re-measured at amortised cost using the effective interest rate method.

### 2 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 1 Critical accounting estimates and assumptions

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.

##### (a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### 2 Critical judgements in applying the entity's accounting policies

Certain employees participate in a multi-employer defined benefit pension scheme with other companies in the group. In the judgement of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution pension scheme. See note 1 for further detail.

## Notes to the financial statements (continued)

### 3 Turnover

An analysis of turnover by geographical area of destination:

	2017 £000	2016 £000
United Kingdom	4,587	6,331
Rest of Europe	29,211	26,059
The Americas	3,464	3,769
Rest of the World	12,523	9,259
	<u>49,785</u>	<u>45,418</u>

All turnover and profit before taxation originates in the UK and relates to the company's one class of business, which is the manufacture, sale and distribution of specialised packaging primarily used in the medical sector.

### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Amortisation of intangible assets	163	163
Depreciation of tangible fixed assets	1,076	852
Operating lease rentals – plant and machinery	144	165
Services provided by the Company's auditors – fees payable for the statutory audit	23	18
– fees paid for tax advice	15	-
Research and development costs	490	490
Reversal of impairment of stocks	(148)	(80)
Impairment of trade debtors	7	(38)
Foreign exchange (gains)	(26)	(33)
Stock recognised as an expense	27,878	24,083
	<u>27,878</u>	<u>24,083</u>

## Notes to the financial statements *(continued)*

### 5 Employees

	2017 Number	2016 Number
Average monthly number of employees by activity:		
Production	142	141
Administration	23	24
	<hr/>	<hr/>
	165	165
	<hr/>	<hr/>
	2017	2016
	£000	£000
Employee costs:		
Wages and salaries	5,954	5,751
Social security costs	555	531
Other pension costs	361	352
	<hr/>	<hr/>
	6,870	6,634
	<hr/>	<hr/>

### 6 Directors' emoluments

The emoluments of the directors are paid by fellow group companies which make no recharge to the company. All directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly no emoluments are disclosed in these financial statements.

### 7 Interest payable and similar expenses

	2017 £000	2016 £000
Factoring interest	8	7
	<hr/>	<hr/>
	8	7
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 8 Tax on profit

#### (a) Tax (credit) in year included in profit or loss

	2017		2016	
	£000	£000	£000	£000
<i>Current tax</i>				
UK Corporation tax	-		-	
Adjustments in respect of prior periods	-		-	
	<u>          </u>		<u>          </u>	
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	(202)		(181)	
Adjustments in respect of prior periods	(8)		(321)	
Deferred tax rate change	25		28	
	<u>          </u>		<u>          </u>	
Total deferred tax		(185)		(474)
<b>Total tax on profit</b>		<u><u>(185)</u></u>		<u><u>(474)</u></u>

#### (b) Tax charge/(credit) in year included in other comprehensive income/(expense)

	2017		2016	
	£000	£000	£000	£000
Current tax	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Deferred tax				
Origination and reversal of timing differences	210		(397)	
Deferred tax rate change	(15)		3	
	<u>          </u>		<u>          </u>	
Total deferred tax		195		(394)
<b>Total tax included in other comprehensive income/(expense)</b>		<u><u>195</u></u>		<u><u>(394)</u></u>

## Notes to the financial statements *(continued)*

### 8 Tax on profit *(continued)*

#### (c) Factors affecting the tax (credit) for the year included in profit and loss

The tax assessed for the year differs from the effective rate of corporation tax in the UK of 19.75% (2016: 20.00%). The differences are explained below:

	2017 £000	2016 £000
<b>Profit before taxation</b>	<b>1,810</b>	<b>3,611</b>
	<hr/>	<hr/>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	<b>358</b>	<b>722</b>
<i>Effects of:</i>		
Group relief claimed for no payment	<b>(593)</b>	<b>(923)</b>
Adjustments in respect of prior periods	<b>(8)</b>	<b>(321)</b>
Adjustment to closing deferred tax rate	<b>58</b>	<b>48</b>
	<hr/>	<hr/>
<b>Total tax (credit) for the year</b>	<b>(185)</b>	<b>(474)</b>
	<hr/>	<hr/>

#### Factors that may affect future tax charges

The main rate of corporation tax was reduced from 20% to 19% on 1 April 2017. A further reduction to 17% from 1 April 2020 was legislated by Finance Bill 2016, which was substantively enacted on 6 September 2016.

## Notes to the financial statements (continued)

### 9 Intangible assets

	Computer Software
	£000
<b>Cost</b>	
At 1 July 2016	1,303
	<hr/>
<b>At 30 June 2017</b>	<b>1,303</b>
	<hr/>
<b>Accumulated amortisation</b>	
At 1 July 2016	652
Charge for the year	163
	<hr/>
<b>At 30 June 2017</b>	<b>815</b>
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2017</b>	<b>488</b>
	<hr/>
At 30 June 2016	651
	<hr/>

### 10 Tangible assets

	Freehold land and buildings	Plant, machinery, fixtures and fittings and computer equipment	Total
	£000	£000	£000
<b>Cost</b>			
At 1 July 2016	14,809	30,964	45,773
Additions	-	801	801
Disposals	-	(448)	(448)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2017</b>	<b>14,809</b>	<b>31,317</b>	<b>46,126</b>
	<hr/>	<hr/>	<hr/>
<b>Accumulated Depreciation</b>			
At 1 July 2016	7,913	26,646	34,559
Charge for the year	121	955	1,076
Disposals	-	(448)	(448)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2017</b>	<b>8,034</b>	<b>27,153</b>	<b>35,187</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 30 June 2017</b>	<b>6,775</b>	<b>4,164</b>	<b>10,939</b>
	<hr/>	<hr/>	<hr/>
At 30 June 2016	6,896	4,318	11,214
	<hr/>	<hr/>	<hr/>

The net book value of freehold land and buildings at 30 June 2017 includes a value for land of £4,044,000 (2016: £4,044,000) which is not depreciated.

## Notes to the financial statements (continued)

### 11 Stocks

	2017 £000	2016 £000
Raw materials	2,568	1,869
Work-in-progress	754	631
Finished goods and goods for resale	3,671	2,917
	<u>6,993</u>	<u>5,417</u>

Stocks are stated after provision for impairment of £428,000 (2016: £576,000).

### 12 Debtors

	2017 £000	2016 £000
Amounts falling due within one year:		
Trade debtors	5,252	4,896
Amounts owed by group undertakings	26,956	29,600
Deferred tax asset (note 15)	47	193
Other debtors	1,023	772
	<u>33,278</u>	<u>35,461</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 15)	622	486
	<u>33,900</u>	<u>35,947</u>

Amounts owed by group undertakings are unsecured, have no fixed repayment date, are recoverable on demand and bear no interest. Trade debtors are stated after provision for impairment of £25,000 (2016: £18,000).

### 13 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts falling due within one year:		
Amounts forwarded by debt factor	-	5,244
Trade creditors	8,370	7,066
Amounts owed to group undertakings	3,560	1,396
Taxation and social security	144	145
Derivative financial instruments	517	1,348
Accruals and deferred income	1,899	3,065
	<u>14,490</u>	<u>18,264</u>

Amounts owed to group undertakings are unsecured, have no fixed repayment date, are recoverable on demand and bear no interest.

## Notes to the financial statements (continued)

### 13 Creditors: amounts falling due within one year (continued)

Derivative financial instruments relate to forward exchange contracts taken out with another group company on the same terms as the group company has on their forward exchange contracts with external parties.

### 14 Financial Instruments

	2017 £000	2016 £000
<b>Financial assets</b>		
Financial assets measured at amortised cost	33,231	35,268
Financial assets measured at fair value through profit or loss	-	-
	<u>33,231</u>	<u>35,268</u>
	<u><u>33,231</u></u>	<u><u>35,268</u></u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	11,930	13,706
Financial liabilities measured at fair value through profit or loss	517	1,348
	<u>12,447</u>	<u>15,054</u>
	<u><u>12,447</u></u>	<u><u>15,054</u></u>

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors (see note 12).

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings and amounts forwarded by debt factor (see note 13).

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors and creditors. At 30 June 2017 the company had entered into forward exchange contracts to sell US\$7,820,000 (2016: US\$6,671,000) and €8,952,000 (2016: €15,440,000) and receive a fixed sterling amount at various times in the future up to 21 December 2018 (2016: 1 October 2017).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rate for GBP: USD and GBP: EUR.

## Notes to the financial statements *(continued)*

### 15 Deferred tax

The movement on the deferred tax asset/ (liability) is as follows:

	2017 £000	2016 £000
At beginning of year	679	(189)
Credited to profit or loss	185	474
(Debited)/credited to other comprehensive income/(expense)	(195)	394
At end of year	<u>669</u>	<u>679</u>

The deferred tax asset comprises:

	2017 £000	2016 £000
Accelerated capital allowances	602	422
Other short term timing differences	19	14
Derivative financial instruments hedged	48	243
	<u>669</u>	<u>679</u>

Deferred tax assets, which are included in debtors in note 12, are recognised on the basis that it is more likely than not that the company will make taxable profits in the future against which the deferred tax asset may be utilised.

### 16 Called up share capital

	2017 £000	2016 £000
<i>Allotted, and fully paid</i>		
11,204,002 (2016: 11,204,002) ordinary shares of £1 each	<u>11,204</u>	<u>11,204</u>

### 17 Reserves

Hedging Reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

## Notes to the financial statements *(continued)*

### 18 Commitments under operating leases

At 30 June 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Other- Plant and machinery	
	2017 £000	2016 £000
Not later than 1 year	51	79
Later than 1 year and not later than 5 years	55	112
Later than 5 years	-	-
	<hr/>	<hr/>
	106	191
	<hr/>	<hr/>

### 19 Security

The company participates in a group cash pooling arrangement between the banking providers and other members of the Amcor group. All members of the group cash pool arrangement are jointly and severally liable for any payment default. As at 30 June 2017, the cash pool was in a net surplus position of €27,000,000 (2016 - net surplus position of €23,700,000).

### 20 Ultimate parent undertaking

The immediate parent undertaking is Amcor Flexibles UK Limited, registered in England and Wales.

The company's ultimate parent undertaking and ultimate controlling party is Amcor Limited, incorporated in Australia, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of this group are available to the public and may be obtained from Amcor Limited, 109 Burwood Road, Hawthorn, Victoria 3000, Australia.