

AMCOR FLEXIBLES UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



CONTENTS

	Page
Company Information	1
Strategic Report	2 - 5
Directors' Report	6 - 11
Independent Auditors' Report	12 - 13
Statement of Comprehensive Income	14 - 15
Statement of Financial Position	16
Statement of Changes in Equity	17
Notes to the Financial Statements	18 - 49

COMPANY INFORMATION

Directors	C Cheetham M Suitor D Weetman (resigned 22 June 2020) M Burrows D Clayton D Pearson
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Registered number	2808801
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Registered office	83 Tower Road North Warmley Bristol BS30 8XP
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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Business review and future developments

The principle activity of the Company is the design, manufacture and printing of flexible packaging.

Safety is the first core value and whilst there is no room for complacency the Company has managed to maintain the excellent safety statistics.

During the year the Company saw an increase in sales. Product mix within the snack and confectionery and fresh food end markets improved over the prior year. Earnings benefited from the continued focus on cost and continuous improvement across the plants with the Company recording a profit for the financial year of £4,508,000 (2019: £1,228,000 loss).

No dividends were received from its subsidiary, Amcor Flexibles Winterbourne Limited (2019: £nil).

As a member of the Amcor Group the Company has maintained a consistent strategy and business model. Investments are focussed on making packaging that is increasingly light weighted, recyclable and reusable, and made using a rising amount of recycled content. As part of the continuous evaluation the company sold its bread bag making business assets at 30 June 2020. This gave rise to a profit of £2,111,000 in the year.

The Company looks forward to the 2021 financial year with clear priorities, to keep co-workers safe, offer value to customers and execute effectively in areas under our control. Whilst the impact of the sale of the bread bag business will see Turnover reduce by around £17,000,000 and the profit on the sale of the assets will not recur there is not expected to be any material change in the Company's overall business and profitability expected in the next financial year although the impact of the Covid-19 is being monitored continually as a principal risk and uncertainty.

Principal risks and uncertainties

The Company manages its own risks and uncertainties within the Amcor Group of Companies and can be impacted by numerous factors:

- Changes in customer demand patterns across various industries;
- The loss of key customers, a reduction in production requirements or consolidation could impact sales revenue and profitability;
- Challenging local and international economic conditions have had, and may continue to have a negative impact on the business;
- Price fluctuations or availability of raw materials, energy and other inputs could adversely impact the business; and
- Production, supply and other commercial risks which may be exacerbated during times of economic slowdown.

This has allowed the Company to demonstrate durability in dealing with the political and economic developments over the last 12 months. The Company has contributed to European and Global project initiatives within the Group in a structured way including to manage the impacts of the UK leaving the European Union. The Company will continue to act responsibly and coordinate actions through the supply chain of its group undertakings to maintain supply and preserve safety. Working with suppliers and customers the Company and its group undertakings are well placed to respond positively to situations as they arise in supporting the continuity of supply across the essential markets of food and healthcare. The business has encountered the unprecedented uncertainty and challenges arising from the Covid-19 pandemic although the defensive end markets in which the Company mainly operates have demonstrated the same resilience experienced through past economic cycles. However, the continuing uncertainty around the duration and severity of the pandemic makes estimating the impact on the Company's operations and financial results difficult. Rigorous precautionary measures are in place to protect employees, customers and suppliers and are expected to continue until the pandemic is adequately contained for the business. The Company has not experienced any significant disruptions in the supply chain to date and continues to monitor the risk of customer, raw material and other supply chain disruption.

Financial risk management

The Company's principal financial assets are bank balances, trade debtors and inter-company debtors.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

The Company participates in a group cash 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 guarantees 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 it is felt necessary.

The vast majority of the Company's business is in the UK, but the Company also 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 currencies, which fix a significant proportion of these exposures, thereby giving certainty over a substantial part of the company's income stream and costs. The value of forward contracts is immaterial in the financial statements of Amcor Flexibles UK Limited. The Company does not enter into speculative financial instruments.

The Company is a wholly owned indirect subsidiary of Amcor Plc ("the group"). Further details of risk factors affecting the group, which include those of the Company, are discussed in the group's annual report (which does not form part of this report) along with a Sustainability Report.

Section 172 (1) Statement of Directors duties

In accordance with The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018 this Section 172 statement, which is reported for the first time, explains how the Company's directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, in taking principal decisions taken by the company during the financial year.

The Company's ultimate parent company is Amcor Plc and the considerations for decision making are embedded at individual board level and across the group with the directors acting in good faith to promote the success of the Company consistently within group governance, culture, value, behaviour and strategy referenced within the Strategic Report. The level of information disclosed is consistent with the size and complexity of the business. The Board meet on a periodic basis to consider the key decisions arising to implement the strategic direction as provided by the Amcor Group and the performance of the Company.

When making decisions each Director ensures they act in good faith and in a way to promote the Company's success for the benefit of the members as a whole having regard to:

Long term sustainability

The Company supports the financing requirements across the group in a responsible and balanced approach in order to enable the longer term viability of the Company and wider interests of the group. Key decisions and representations provided by Group to the Company's Board of Directors are considered and executed on a timely basis consistent with group strategy. During the year to 30 June 2020 this has included various energy efficiency projects including installing more efficient compressors and boilers, introducing LED lighting, saving waste on trims, adding thermal insulation to a hot oil system and reducing compressed air leakage as part of the wider strategy of the group. Dividends are declared and paid after due consideration of current profitability and adequacy of retained earnings to meet future funding requirements and the overall financial health of the Company.

Employees

The Directors recognise that continued success is dependent on the ability to identify, attract, motivate, train and retain qualified personnel in key functions and geographical areas encompassed as the "Amcor Way". The Company is focussed on being a responsible employer, from pay and benefits to our health, safety and workplace environment, where the Directors consider the implications of decisions on employees and the wider workforce, where relevant and feasible including a regular Engagement Survey across the businesses. The appointment of employee representation is encouraged on a representative basis to attend European Works Council meetings on a regular basis and feed back to a wider group of elected delegates covering sites in the

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

UK. The Directors also recognise that pensioners, though no longer employees, also remain important stakeholders.

Suppliers, customers and others

The Directors, as members of the group, recognise the beneficial relationship of working collaboratively across the supply chain from supplier, customers and others. Each company within the group is bound by Group policies consistent with the culture in all key areas including supplier management and outsourcing and customer conduct. This includes the regular collection of data in order to monitor and evaluate the risk to supply continuity, value and innovation through to customer research and evaluation for management and directors.

Community and environment

The Directors sought to minimise any detrimental impact of the Company's operations may have on the environment. The Company also supports a range of charitable and community activity locally based on employee involvement. The Company as a member of the Amcor group of companies has pledged to develop all the packaging to be recyclable or reusable by 2025 including being a signatory to the Global Commitment in October 2018 sponsored by the Ellen MacArthur Foundation in collaboration with the United Nations Environment Programme.

Business conduct

The Company aims to conduct all its business relationships with integrity, courtesy and fulfil each business agreement.

Acting fairly across key stakeholders of the Company

The Directors of the Company are aligned with the strategy of the group and the aspiration to be the leading packaging company for the benefit of customers, employees, shareholders, suppliers and the environment. The board aim to provide clear information to the parent company as to the performance of the business in supporting group strategy. The group has developed a focussed portfolio to support the needs of customers, the Amcor Way describing the capabilities deployed consistently across Amcor functions to demonstrate leadership allowing the business portfolio to generate strong cash flow and support shareholder value creation which the Directors to be entirely consistent with the requirements of Section 172 (1).

Financial and non-financial key performance indicators

	2020	2019
Financial key performance indicators		
Turnover from continuing operations (£000)	90,870	90,781
Gross profit from continuing operations (£000)	22,298	21,246
Margin from continuing operations (%)	24.5%	23.4%
Operating profit from continuing operations (£000)	5,410	3,323
As a % of turnover from continuing operations	6.0%	1.3%
Profit/(loss) for the financial year from continuing operations (£000)	2,327	(1,168)
Non-financial key performance indicators	Number	Number
Number of employees	512	506
Number of workplace accidents requiring medical treatment:		
- With loss of production time	-	1
- Loss time injury frequency rate	-	10.19
- With no loss of production time	2	-
- Recordable case time frequency rate	2.09	5.19

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

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



.....
M Burrows
Director

Date: 22 June 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors present their report and the audited financial statements for the year ended 30 June 2020.

Results and dividends

The profit for the year, after taxation, amounted to £4,508,000 (2019 - loss £1,228,000).

The Company paid a dividend during the year of £NIL (2019 - £NIL). No final dividend is being proposed by the directors.

Directors

The Directors of the Company who were in office and served during the year and up to the date of signing the financial statements were:

C Cheetham
M Sutor
D Weetman (resigned 22 June 2020)
M Burrows
D Clayton
D Pearson

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 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 these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments and financial risk management

Details of the likely future developments in the Company's business and financial risk management have been included within the Strategic Report.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020****Research and development activities**

Research and development costs incurred during the year amounted to £1,910,000 (2019 - £1,839,000). In accordance with the accounting policy described in note 2 to the financial statements, all costs have been included in the Statement of Comprehensive Income for the year.

Engagement with employees

Employees are regularly provided with information concerning the performance and prospects of the business in which they are involved, through employee forums, briefing groups and staff publications. Elected employee representatives from the UK attend European Works Council meetings on a regular basis and feed back to a wider group of elected delegates covering sites in the UK. These processes allow the views of personnel to be taken into account. Similarly issues relevant to the pension scheme are covered by means of selected representatives.

Disabled employees

Our equal opportunities policy contains a code of good practice on disability which states that an individual who becomes disabled whilst in employment will receive support to ensure, wherever possible, that they are able to continue in their role. This will involve whatever reasonable adjustments can be made, in consultation with the individual. Again, in consultation with the individual, other positions will be considered where the individual's skills and abilities match the requirements of the role, making reasonable adjustments wherever possible.

Streamlined Energy and Carbon Reporting (SECR) 2020**Company Information**

The Company meets the qualifying criteria of SECR due to being a "Large Company" as defined under the Companies Act 2006.

Responsible Person

Matthew Burrows, Finance Director, is the designated responsible person for calculation and reporting of Company's annual carbon emissions.

Data Completeness

The Company have reported on four manufacturing sites, their office headquarters building and transport data which represents 100% coverage of their operations energy consumption as required by the reporting guidelines for UK SECR.

Quantification Methodology

This assessment is produced in line with UK Government Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019). The methodology used is the GHG Protocol Corporate Standard for quantification and reporting of greenhouse gas emissions and removals.

Site Information

The Company operated across four manufacturing sites (Evesham, Ledbury and two sites at Ilkeston) and their office headquarters in the United Kingdom at Warmley. All have appropriate data collection process in place to allow accurate calculations of GHG emissions. Appropriate data collection in this context is defined as six months or more of verifiable data through primary evidence.

Data Verification

Energy data is collated on verifiable primary evidence (invoices, meter readings, statements etc.).

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Definitions

GHG emissions are categorised into three Scopes:

- Scope 1 – Direct emissions resulting from the primary combustion of fuels in organisation-controlled premises, vehicles and plant. Fugitive emissions resulting from leakage of CFC gases from air conditioning and refrigeration equipment
- Scope 2 – Indirect emissions resulting from the consumption of purchased electricity that has been generated off-site and supplied by the national grid.
- Scope 3 – Indirect emissions associated with the consequences of the activities of the organisation but controlled by another entity outside of the corporate structure.

Inclusions

GHG emissions have been calculated for mandatory Scopes 1 and 2 in line with Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019). This sets out the below emissions as mandatory to report for quoted companies:

Scope 1 – Direct Combustible Fuels

- Emissions from combustion of gas or oil(tCO₂e) [SCOPE 1]
- Emissions from combustion of fuel for transport purposes (tCO₂e) [SCOPE 1]

Scope 2 – Indirect Combustible Fuels

- Emissions from purchased electricity location based (tCO₂e) [SCOPE 2]

Exclusions

The following source emissions have been excluded from the boundaries of the report in line with Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019). These have not been reported as they are optional to report and outside of the company's financial control. In the future, the Company may report on these emission sources to allow them to better understand its wider environmental impacts that arise from its operations and supply chain.

Scope 1 – Direct Combustible Fuels and Fugitive Emissions

- Refrigerants used at company premises are currently considered impractical to measure and therefore excluded. However, going forward, Amcor Flexibles UK Ltd Group aim to gather more accurate data on the volume of refrigerants used.

Scope 3 – Other Indirect Emissions

- Emissions from extraction and production of purchased materials and fuels for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from use of sold products and services for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from electricity related to extraction, production, and transportation of fuels consumed in the generation of electricity for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from purchase of electricity that is sold to an end user for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from transportation of purchased fuels for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from transportation of waste out of financial / operational control (tCO₂e) [SCOPE 3]
- Emissions from transportation of sold products for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from employee business travel which the company does not own or control and where not responsible for purchasing the fuel (tCO₂e) [SCOPE 3]
- Emissions from employees commuting to and from work for which the company does not own or control (tCO₂e) [SCOPE 3]

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

- Emissions from leased assets, franchises, and outsourced activities (tCO₂e) [SCOPE 3]
- Emissions from disposal of waste generated in operations for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from disposal of waste generated in production of purchased materials and fuels for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from production of purchased materials and fuels for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from disposal of sold products at the end of their life for which the company does not own or control (tCO₂e) [SCOPE 3]
- Emissions from fugitive emissions from air conditioning, where other third parties in the supply chain benefit, not the company [SCOPE 3]

Summary of Energy consumption

Energy consumption associated with the Company's operations during the year to 30 June 2020 have been calculated and are detailed below. The figures shown include the data for the previous financial year to 30 June 2019 emissions data to allow for comparison between years.

Table 4.1: Summary of Absolute Energy

ENERGY(MWh)	FY2020	FY2019	% changes
TOTAL(MWh)	38,289	38,537	(0.6)%

It can be seen that there is a decrease year on year of 0.6%.

GHG Emissions Summary

GHG emissions associated with the Company's operations during the year to 30 June 2020 have been calculated and are detailed below. The figures shown include the data for the previous financial year to 30 June 2019 emissions data to allow for comparison between years.

The table below shows emissions from natural gas, transport and electricity consumption for the Company across the sites.

Summary of Absolute GHG Emissions

GREENHOUSE GAS	FY2020	FY2019	% Change
SCOPE 1 EMISSIONS (tCO₂e)			
Emissions from of gas, oil and transport fuel (tCO ₂ e) [SCOPE 1]	2,626	2,498	5.1%
SCOPE 2 EMISSIONS (tCO₂e)			
Emissions from purchased electricity location based (tCO ₂ e) [SCOPE 2]	6,204	6,741	(8.0)%
TOTAL EMISSIONS (tCO₂e)	8,830	9,239	(4.4)%

It can be seen that emissions decreased year on year by 4.4 %. This can be attributed to a number of energy efficiency projects, the elimination of energy waste and production optimisation.

Renewable Energy Exports to Grid

There are no company owned or operated renewable energy sources.

Carbon Offsetting and Sequestration

No verified carbon offset has been purchased to offset the emissions stated above.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Carbon intensity ratio

A carbon intensity ratio has been established to assess the normalised carbon performance of operations based on the company financial performance.

The establishment of a carbon ratio allows the Company to make more accurate comparisons of their carbon impact between financial years. facility emissions are related to production volume and hence tonnes CO₂e per £million sales revenue has been used most appropriate indicator of carbon performance across the Company's sites. Transport emissions are excluded from this calculation.

It can be seen that the carbon intensity ratio decreases by 5.7% year on year – indicating significantly improved carbon efficiency year on year.

Summary of Carbon Intensity Ratio (tonnes CO₂e per £million sales revenue)

NORMALISATION	FY2020	FY2019	% Change
Average across AF UK Ltd sites	80.1	85.0	(5.7)

Energy management and energy efficiency measures undertaken

Within the Amcor Group of Companies across Europe materials account for some 87% of carbon footprint as detailed in Amcor's Global Sustainability report which can be downloaded at www.amcor.com/sustainability.

As such our focus has been on reducing the carbon footprint of our materials, in Amcor's products operations by working towards ever more efficient processes. Amcor continuously works to reduce waste and produce more efficiently.

Amcor Group's vision for improving energy efficiency began in 2006 and we have worked hard on many projects since. We have a list of projects per site arising from ESOS phase 2 audits and internal assessments by our Energy Team and other sources.

Amcor Group has developed a set of Energy Excellence Basics in Europe to reinforce control of our processes and have conducted refresher training in 2020. These Basics are shared to Amcor sites globally. Amcor Group works to improve efficiency by controlling compressed air leaks, boiler settings, insulation of pipes, set points of hot and cold fluids and spaces and other forms of energy efficiency relating to our processes.

Amcor maintains a monthly assessment of energy usage against production for each site with a list of energy saving opportunities and related benefits. The tool used tracks energy to ISO50001 requirements even though the sites do not have this accreditation.

During the year to 30 June 2020 the Company have implemented energy efficiency projects at a number of their sites. The projects include:

- Installation of new high efficiency compressors
- energy saving project through saving waste on trims
- Replacement of fluorescent light with LED lighting.
- Installation of new, more efficient gas boilers
- Thermal insulation on hot oil system and flow temperature reduction.
- Compressed air leakage has been reduced.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Disclosure of information to independent auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no other significant events affecting the Company since the year end.

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 of Directors on 22 June 2021 and signed on its behalf by:



M Burrows
Director

Independent auditors' report to the members of Amcor Flexibles UK Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 June 2020 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2020; 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 where:

- 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.

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 2020 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, 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. 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.

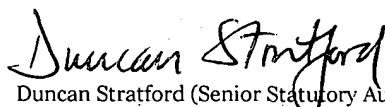
Other required reporting

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
25 June 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

		Continuing operations 2020 £000	Discontinued operations 2020 £000	Total 2020 £000	Continuing operations 2019 £000	Discontinued operations 2019 £000	Total 2019 £000
	Note						
Turnover	4	90,870	17,145	108,015	90,781	17,043	107,824
Cost of sales		(68,572)	(13,567)	(82,139)	(69,535)	(13,580)	(83,115)
Gross profit		22,298	3,578	25,876	21,246	3,463	24,709
Distribution costs		(1,951)	(1,499)	(3,450)	(2,306)	(1,284)	(3,590)
Administrative expenses		(14,947)	(2,009)	(16,956)	(16,489)	(2,239)	(18,728)
Other operating income	6	10	-	10	872	-	872
Operating profit	7	5,410	70	5,480	3,323	(60)	3,263
Exceptional Items	5	-	2,111	2,111	-	-	-
Profit before interest		5,410	2,181	7,591	3,323	(60)	3,263
Interest receivable and similar income	10	9	-	9	39	-	39
Interest payable and similar expenses	11	(88)	-	(88)	(7)	-	(7)
Other finance expenses	12	(500)	-	(500)	(3,000)	-	(3,000)
Profit before tax		4,831	2,181	7,012	355	(60)	295
Tax on profit	13	(2,504)	-	(2,504)	(1,523)	-	(1,523)
Profit/(loss) for the financial year		2,327	2,181	4,508	(1,168)	(60)	(1,228)

Other comprehensive income /(expense):

Items that will not be reclassified to profit or loss:

Actuarial gain/(loss) on defined benefit scheme	4,870	(7,390)
Movements of deferred tax relating to pension surplus	695	1,256
Changes in fair value of cash flow hedges	2	2
Timing differences in relation to adoption of IFRS 16	(169)	-

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

Hedge cash flow released to comprehensive income	(13)	(42)
	<u>5,385</u>	<u>(6,174)</u>
Total comprehensive income /(expense) for the year	<u><u>9,893</u></u>	<u><u>(7,402)</u></u>


There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 18 to 49 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	41	31
Tangible assets	15	20,692	21,290
Investments	16	17,631	17,631
		<u>38,364</u>	<u>38,952</u>
Current assets			
Stocks	17	10,411	14,126
Debtors	18	95,298	83,240
Cash at bank and in hand	20	20,460	13,640
		<u>126,169</u>	<u>111,006</u>
Creditors: Amounts Falling Due Within One Year	21	(109,405)	(95,992)
Net current assets		<u>16,764</u>	<u>15,014</u>
Total assets less current liabilities		<u>55,128</u>	<u>53,966</u>
Creditors: amounts falling due after more than one year	22	(2,469)	-
Pension liability	25	(14,100)	(25,300)
Net assets		<u><u>38,559</u></u>	<u><u>28,666</u></u>
Capital and reserves			
Called up share capital	24	60,719	60,719
Hedging reserve	28	(62)	(51)
Accumulated Losses	28	(22,098)	(32,002)
Total shareholders' funds		<u><u>38,559</u></u>	<u><u>28,666</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



M Burrows
Director

Date: 22 June 2021

The notes on pages 18 to 49 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Hedging reserve	Accumulated losses	Total shareholders' funds
	£000	£000	£000	£000
At 1 July 2018	60,719	(11)	(24,640)	36,068
Comprehensive income for the year				
Total Comprehensive income	-	-	(1,228)	(1,228)
Actuarial loss on pension scheme net of deferred tax	-	-	(6,134)	(6,134)
Changes in fair value of cash flow hedges	-	2	-	2
Amounts released to comprehensive income	-	(42)	-	(42)
Total comprehensive income for the year	-	(40)	(7,362)	(7,402)
At 1 July 2019	60,719	(51)	(32,002)	28,666
Comprehensive income for the year				
Total Comprehensive income	-	-	4,508	4,508
Actuarial gains on pension scheme	-	-	5,565	5,565
Changes in fair value of cash flow hedges	-	2	-	2
Timing differences in relation to adoption of IFRS 16	-	-	(169)	(169)
Amounts released to comprehensive income	-	(13)	-	(13)
Total comprehensive income for the year	-	(11)	9,904	9,893
At 30 June 2020	60,719	(62)	(22,098)	38,559

The notes on pages 18 to 49 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

The principal activity of the Company is the design, manufacture and printing of flexible packaging.

Amcors Flexibles UK Limited is a Private 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.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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 3).

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Amcor Plc.

The following principal accounting policies have been consistently applied:

2.2 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 and 18A 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****2. Accounting policies (continued)****2.3 New standards and interpretations, and interpretations not yet applied**

During the year the Company adopted IFRS 16 'Leases'. The new Standard increases assets and liabilities for leases previously accounted for as operating leases which are to be capitalised on the balance sheet as right-of-use assets and lease liabilities. The adoption of the new Standard will result in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application where a policy can be applied consistently on transition and subsequently. The Company is likely to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The Company has performed the transition by using the modified retrospective approach, which does not require restatement of comparative periods. The comparative information continues to be reported in accordance with IAS 17 and IFRIC 4. The accounting principles for the comparative figures are presented below under the heading "Commitments under right of use assets", Note 27.

The Company's lease portfolio consists leased buildings including office, manufacturing and warehouse premises, vehicles and production equipment.

2.4 Going concern

The financial statements have been prepared on a going concern basis since the directors are satisfied of the intention that Amcor Plc will continue to have access to adequate liquidity and resources for the foreseeable future within its subsidiaries, and the Company. This includes a letter of support to the Company to ensure financial obligations can be met as they fall due for a period of at least 12 months from the date of signing these financial statements.

The impact that the recent Covid-19 pandemic will have on our operations is uncertain. While the overall impact on our operations to date has not been material and whilst the Company continued to have access to liquidity through the commercial paper market access was temporarily restricted during March due to the impact from Covid-19 on financial markets. Based on our current and expected cash flow from operating activities and available cash, we believe the Group's cash flows provided by operating activities, together with borrowings available under our credit facilities, will continue to provide sufficient liquidity to fund our operations, capital expenditures and other commitments, including dividends, into the foreseeable future. We have considered the potential impacts of the Covid-19 pandemic in our critical accounting estimates and judgements as of 30 June 2020 and will continue to evaluate the nature and extent of the impact on our business and the consolidated results of the Amcor Plc group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**2. Accounting policies (continued)****2.5 Turnover**

Turnover recognition under IFRS 15 is a control based model when control of an asset (goods or services) passes relative to the nature, amount, timing and uncertainty of revenue and cash flow. The criteria, based on a 5-step approach, for determining whether control is transferred set out within the standard are as follows:

- 1 Identify the contract with a customer
- 2 Identify the performance obligations in the contract
- 3 Determine the transaction price
- 4 Allocate the transaction price to the performance obligation in the contract
- 5 Recognise revenue when the Company satisfies a performance obligation

The Company recognises revenue relating to other contracts and transactions when the significant risks and rewards of ownership transfer to the customer. Revenue is stated net of discounts, rebates, credits, price concessions, performance bonuses and similar incentives, value added tax and other sales taxes. Goods and services are provided under contracts with the customer that are substantially the same with the transfer with control passing at a point in time and recognised in accordance with:

The Company having a present right to payment for the asset;
The customer has legal title to the asset;
The Company having transferred physical possession of the asset;
The customer has significant risks and rewards related to the ownership of the asset; and
The customer has accepted the asset.

Variable consideration is included in the transaction price at the company's best estimate, and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

2.6 Dividends

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

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

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

2.9 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**2. Accounting policies (continued)****2.10 Pensions****Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Comprehensive Income as a 'finance expense'.

2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following bases:

Freehold property	- 2% per annum
Plant and machinery	- between 5 and 25% per annum
Office equipment	- between 12.5% and 33% per annum

Freehold land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

A review for impairment of tangible 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).

Right-of-use assets and lease liabilities

The Company is a party to lease contracts for, among others:

- a) freehold property:
 - office space
 - manufacturing; and
 - warehouses
- b) plant and machinery;
- c) office and computer equipment; and
- d) motor vehicles.

Leases are recognised, measured and presented in line with IFRS 16 'Leases'.

Accounting by the lessee

The Company implemented a single accounting model, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in the standard. The Company elected to apply exemptions for short term leases and apply exemptions for leases for which the underlying asset is of low value.

Based on the accounting policy applied the Company recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use.

The right-of-use assets are initially measured at cost, which comprises:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives; and
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the estimated useful lives. The predominant estimated useful lives are as follows:

Description	Term in years
Property	between 6.7 – 10.0% per annum
Plant and machinery	between 16.7 – 26.7% per annum
Motor vehicles	25.0% per annum

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors such as e.g. sale volume in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The lease payments are discounted using the Company's incremental borrowing rate or the rate implicit in the lease contract.

The lease term determined by the Company comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)**2.12 Tangible fixed assets (continued)**

- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

2.13 Commitments under right of use asset leases**Company as lessee**

For the Company, a financial lease implies that the fixed asset leased is recognised as an asset in the Statement of Financial Position. Initially, a corresponding liability is recorded. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the future minimum lease payments. Fixed assets under finance leases are depreciated over their estimated useful lives, while the lease payments are reported as interest and amortization of the lease liability. For operating leases, the Company does not account for the leased asset in its balance sheet. The costs of operating leases are recorded in the income statement on a straight-line basis over the term of the lease.

As a lessee, the Company has elected to apply a number of practical expedients. Recognition exemptions are set per asset category for short-term leases and leases for which the underlying asset is of low value. Leases that, at the commencement date, had a lease term of 12 months or less are not recognised as leases in the balance sheet. The Company has elected to apply the exemption for leases for which the underlying asset is of a low value regarding office equipment such as printers and computers.

All finance leases are excluded at transition as well as leases where the lease term ends prior to 30 June 2020. For short-term leases and leases where the underlying asset are of a low value, the Company recognised lease payments as an expense on a straight-line basis over the lease term.

Non-lease components such as service components and other variable components that do not depend on an index or price are accounted for as expenses, if they could be separated in the contracts for the leased asset. In most cases service components are variable and based on for example consumption.

For leases of other assets, previously classified as operating leases under IAS 17, the Company recognised right-of-use assets and liabilities.

The company has no leases previously classified as finance leases.

Recognition of a lease

Upon initiation, contracts are assessed by the Company, to determine whether a contract is, or contains a lease. If the contract conveys the right to control the use of an identified asset for a certain period of time in exchange for consideration, then it is or contains a lease. The right to control the use of an identifiable asset is assessed by the Company based upon if there is an identifiable asset, if the Company has the right to obtain substantially all economic benefits from the use of the asset and if the Company has the right to steer the use of the asset. The policy is applied to contracts entered into, or changed, on or after 1 July 2019. The Company has elected to separate the non-lease components and also elected to apply a number of practical expedients with regard to short-term leases and leases for which the underlying asset is of low value. In cases where the Company acts as an intermediate lessor, it accounts for its interest in the head-lease and the sub-lease separately.

Measurement of a right-of-use asset and lease liability Right-of-use asset

On commencement date, the Company measures the right-of-use asset at cost, which includes the following: the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****2. Accounting policies (continued)****2.13 Commitments under right of use asset leases (continued)**

the Company as well as an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease contract. Cost for dismantling, removing or restoring the site on which it is located and/or the underlying asset is only recognised when the Company incurs an obligation to do so.

The right-of-use asset is depreciated over the lease term, using the straightline method.

Lease liability

On commencement date, the lease liability is measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the lease liability comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option as well as penalties for early termination of a lease, if the Company is reasonably certain to terminate early. If there is a purchase option present, this will be included if the Company is reasonably certain to exercise the option.

The lease liability is measured at amortized cost by using the effective interest rate method.

Short-term leases and leases for which the underlying asset is of low value

The Company has elected to apply recognition exemptions for short-term leases and leases for which the underlying asset is of low value, for example office equipment such as printers and computers. Lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The directors perform an annual impairment assessment and where a potential exposure is identified a full impairment review in compliance with IAS 36, 'Impairment of assets' is undertaken. To assess the carrying value of the investments the directors consider underlying net asset values and future earnings where appropriate. Any impairment recognised is taken to the Statement of Comprehensive Income. Where the directors become aware that the circumstances that gave rise to a previous impairment are no longer applicable the impairment is reversed. The credit is recognised in the Statement of Comprehensive Income.

2.15 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**2. Accounting policies (continued)****2.16 Debtors**

Accounts Receivable and short term debtors are measured initially at fair value and subsequently at amortised cost using the effective interest method less any impairment.

The Company assesses on a forward looking basis the expected credit losses ('ECL') associated with its financial assets. The Company measures impairment allowances either using the general or simplified method as considered appropriate.

Under the general approach, impairment allowances are measured at an amount equal to 12-month ECL except when there has been a significant increase in credit risk since inception. In such cases the Company measures impairment allowance at an amount equal to credit loss expected over the life of the financial asset.

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL. Trade and other receivables are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

2.17 Cash and cash equivalents

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

2.18 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in the Statement of Comprehensive Income to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the Statement of Comprehensive Income includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****2. Accounting policies (continued)****2.18 Financial instruments (continued)**

updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities**Fair value through profit or loss**

Financial liabilities are classified as at fair value through the Statement of Comprehensive Income, when the financial liability is held for trading, or is designated as at fair value through the Statement of Comprehensive Income. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through the Statement of Comprehensive Income. Any gains or losses arising on changes in fair value are recognised in the Statement of Comprehensive Income to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through the Statement of Comprehensive Income are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****2. Accounting policies (continued)****2.20 Provisions for liabilities**

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.21 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 charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**2. Accounting policies (continued)****2.22 Foreign currencies****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. Critical accounting estimates and judgments

Estimates and judgments 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.

3.1 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 machinery

The annual depreciation charge for property, plant and machinery 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.

(b) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(c) Impairment of assets

The Company assess at each reporting date whether an asset may be impaired. If there is any such

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

3. Critical accounting estimates and judgments (continued)

indication that the carrying value may not be recoverable, the Company estimates the recoverable amount of the asset. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through the Statement of Comprehensive Income.

(d) Right of use lease liability inherent interest rate

When the Company cannot readily determine the interest rate implicit in the lease, it uses Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available. The Company estimates the IBR by using market interest rates and adjusting with entity specific estimates such as currency and country risk.

3.2. Critical judgments in applying the entity's accounting policies

The Company makes judgements concerning the future in applying the Company's accounting policies and can 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) Recognition and measurement of asset valuation

The Company follows the guidance of IFRS 9 to recognise expected credit losses for all financial assets held at amortised cost. In making this judgment, management considered whether there has been an actual or expected significant adverse change in the regulatory, economic or technological environment of the borrower that would result in a significant change in the borrower's ability to meet its debt obligations. This consideration requires significant judgment.

(b) Lease extension

The Company has several lease contracts that include extension options. The Company applies judgement in evaluating the lease term, it considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. For leases of premises, the following factors are normally the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend.
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The renewal periods for leases of offices and warehouse premises with extension options exceeding 10 to 15 years are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, renewal options for leases of motor vehicles are not part of the lease term because the Company typically leases motor vehicles for four years and is not exercising any renewal options.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew.

(c) Valuation of investments

The Company follows the guidance of IAS 36 to determine whether an investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost.

(d) Defined benefit pension scheme

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
FOR THE YEAR ENDED 30 JUNE 2020**

4. Turnover

The whole of the turnover is attributable to flexible packaging products.

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	79,747	76,310
Rest of Europe	24,586	28,023
Rest of the world	3,682	3,491
	<hr/> 108,015 <hr/>	<hr/> 107,824 <hr/>

5. Exceptional items

	2020	2019
	£000	£000
Profit on disposal of discontinued operations	(2,111)	-
	<hr/> (2,111) <hr/>	<hr/> - <hr/>

On 30 June 2020 the Company disposed the printing and wicketed bag division for £6,345,000 and the result for the year is included as a discontinued operation. The sale comprised the operation including the property, plant and machinery and stock net asset value £4,233,000. The impact on the company's results in the current and prior period is shown within the Statement of Comprehensive Income.

6. Other operating income

	2020	2019
	£000	£000
Other operating income	10	872
	<hr/> 10 <hr/>	<hr/> 872 <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Operating profit

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

	2020 £000	2019 £000
Research & development charged as an expense	1,910	1,839
Stocks charged as an expense	60,659	61,938
Operating lease rentals - land & buildings	16	337
Operating lease rentals - plant & machinery	150	203
Impairment of stock	(5)	(162)
Depreciation of tangible fixed assets	3,031	2,990
Profit on disposal of discontinued operations	(2,111)	-
Amortisation of intangible assets	10	10
Exchange differences	11	62
Defined contribution pension cost	1,294	1,234
	<u>1,294</u>	<u>1,234</u>

8. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2020 £000	2019 £000
Fee for auditing the company	111	100
	<u>111</u>	<u>100</u>

9. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	21,641	20,526
Social security costs	1,996	1,887
Other pension costs	1,294	1,234
	<u>24,931</u>	<u>23,647</u>

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 in respect of the directors are disclosed in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

9. Employees (continued)

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

	2020	2019
	No.	No.
Manufacturing	428	427
Sales & distribution	19	26
Administration	65	53
	<hr/> 512 <hr/>	<hr/> 506 <hr/>

10. Interest receivable and similar income

	2020	2019
	£000	£000
Bank interest receivable	9	39
	<hr/> 9 <hr/>	<hr/> 39 <hr/>

11. Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	13	7
Interest on lease liabilities	75	-
	<hr/> 88 <hr/>	<hr/> 7 <hr/>

12. Other finance expense

	2020	2019
	£000	£000
Expected return on pension scheme assets	5,100	5,600
Net interest on net defined benefit liability	(5,600)	(6,300)
Past service costs on pension scheme	-	(2,300)
	<hr/> (500) <hr/>	<hr/> (3,000) <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Tax on profit

	2020 £000	2019 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	1,841	1,579
Adjustments in respect of prior periods	663	(56)
Total deferred tax	<u>2,504</u>	<u>1,523</u>
Taxation on profit	<u>2,504</u>	<u>1,523</u>

The tax assessed for the financial year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	<u>7,012</u>	<u>295</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	1,332	56
Effects of:		
Expenses not deductible for tax purposes	2	2
Fixed asset differences	(540)	47
Deferred tax rate change	663	(185)
Prior year adjustment	-	(56)
Group relief	1,047	1,659
Total tax charge for the year	<u>2,504</u>	<u>1,523</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Tax on profit (continued)

Tax credit in year included in Other Comprehensive Income /(Expense)

	2020	2019
	£000	£000
Current tax		
Current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(695)	(1,256)
Total deferred tax	(695)	(1,256)
Total tax included in Other Comprehensive Income /(Expense)	(695)	(1,256)

The corporation tax payable has been decreased by £1,047,000 (2019: £1,659,000) because of group relief surrendered to a fellow subsidiary, for which no payment will be received.

Factors that may affect future tax charges

The main rate of corporation tax was reduced from 20% to 19% on 1 April 2017. The Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax to 17% from 1 April 2020. In Budget 2020 it was announced that the corporation tax main rate for the tax year starting 1 April 2020 would remain at 19%. This was substantively enacted on 17 March 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Intangible assets

	Computer Software £000
Cost	
At 1 July 2019	7,135
Additions	20
	<hr/>
At 30 June 2020	7,155
	<hr/>
Amortisation	
At 1 July 2019	7,104
Charge for the year on owned assets	10
	<hr/>
At 30 June 2020	7,114
	<hr/>
Net book value	
At 30 June 2020	41
	<hr/> <hr/>
At 30 June 2019	31
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

15. Tangible assets

	Freehold property £000	Plant and machinery £000	Right-of-use assets £000	Total £000
Cost or valuation				
At 1 July 2019	11,979	66,094	-	78,073
Impact of change in accounting policy	-	-	4,036	4,036
At 1 July 2019 (adjusted balance)	11,979	66,094	4,036	82,109
Additions	-	1,278	-	1,278
Disposals	(1,447)	(12,153)	-	(13,600)
At 30 June 2020	10,532	55,219	4,036	69,787
Depreciation				
At 1 July 2019	4,168	52,615	-	56,783
Impact of change in accounting policy	-	-	941	941
At 1 July 2019 (adjusted balance)	4,168	52,615	941	57,724
Charge for the year on owned assets	289	2,343	-	2,632
Charge for the year on right-of-use assets	-	-	399	399
Disposals	(1,080)	(10,580)	-	(11,660)
At 30 June 2020	3,377	44,378	1,340	49,095
Net book value				
At 30 June 2020	7,155	10,841	2,696	20,692
At 30 June 2019	7,811	13,479	-	21,290

The net book value of freehold property at 30 June 2020 includes a value for land of £597,000 (2019 - £682,000) which is not depreciated. During the year the property and plant and machinery net assets of £1,954,000 were included in the divestment of the printing and wicketed bag making business for £6,345,000.

The net book value of owned and leased assets included as "Tangible assets" in the Statement of Financial Position is as follows:

	2020 £000
Tangible asset owned	17,995
Right of use tangible asset	2,696
	<u>20,691</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Tangible assets (continued)

Information about right of use assets is summarised below:

Net book value

	2020 £000
Property	2,168
Plant and machinery	462
Motor vehicles	49
Office and computer equipment	17
	<hr/>
	2,696
	<hr/> <hr/>

Depreciation charge for the year ended

	2020 £000
Property	(186)
Plant and machinery	(174)
Motor vehicles	(34)
Office and computer equipment	(5)
	<hr/>
	(399)
	<hr/> <hr/>

16. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2019	17,631
	<hr/>
At 30 June 2020	17,631
	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

16. Investments (continued)**Subsidiary undertaking**

The following is a subsidiary of the company:

Name	Registered office	Class of shares	Holding
Amcor Flexibles Winterbourne Limited	83 Tower Road North, Warmley, Bristol, BS30 8XP	Ordinary	100%

The directors consider the value of the investment to be supported by its underlying assets, whose principle activity is that of packaging manufacturer.

17. Stocks

	2020	2019
	£000	£000
Raw materials and consumables	4,164	4,580
Work in progress (goods to be sold)	1,823	2,487
Finished goods and goods for resale	4,424	7,059
	10,411	14,126

Stocks are stated after provision for impairment of £1,732,000 (2019 - £1,738,000).

18. Debtors

	2020	2019
	£000	£000
Trade debtors	17,614	17,745
Amounts owed by group undertakings	62,562	54,434
Other debtors	8,017	2,475
Prepayments and accrued income	746	400
Deferred taxation	6,317	8,128
Financial instruments	42	58
	95,298	83,240

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

18. Debtors (continued)

Amounts owed by group undertakings are unsecured, have no fixed repayment date and bear interest at various rates.

Trade debtors are stated after provision for impairment of £32,000 (2019 - £17,000).

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses an annual expected loss allowance for all trade and other receivables including amounts owed by group undertakings.

19. Deferred tax asset

	2020 £000
At beginning of year	8,127
Charged to the Statement of Comprehensive Income	(1,810)
At end of year	6,317

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	3,282	3,509
Pension liability	2,679	4,301
Other item	356	317
	6,317	8,127

20. Cash at bank and in hand

	2020 £000	2019 £000
Cash at bank and in hand	20,515	13,654
Less: bank overdrafts	(55)	(14)
	20,460	13,640

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

21. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	18,831	16,892
Amounts owed to group undertakings	78,072	70,165
Other taxation and social security	4,242	3,249
Lease liabilities	399	-
Other creditors	436	312
Accruals and deferred income	7,425	5,374
	<u>109,405</u>	<u>95,992</u>

Amounts owed to group undertakings are unsecured, have no fixed repayment date and bear interest at various rates.

All amounts owed to group undertakings are payable on demand.

The overdraft is unsecured, repayable on demand and interest is payable at various rates. See note 29 for details of the security in place in respect of the group cash pooling arrangement in which the Company participates.

22. Creditors: Amounts falling due after more than one year

	2020	2019
	£000	£000
Lease liabilities	2,469	-
	<u>2,469</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

23. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	42	58
Financial assets that are debt instruments measured at amortised cost	88,193	74,654
Cash at bank and in hand measured at amortised cost	20,515	13,654
	<u>108,750</u>	<u>88,366</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(100,263)</u>	<u>(87,383)</u>

Financial assets measured at fair value through profit or loss comprise derivative contracts.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings, other creditors and lease liabilities.

The Company enters into forward foreign exchange contracts to mitigate the exchange risk for certain foreign currency debtors and creditors. At 30 June 2020 the Company had entered into forward exchange contracts to sell for a fixed sterling amount of US\$3,000,000 (2019 - US\$1,900,000) at various times in the future up to 24 February 2021 (2019 - 19 December 2019), and €800,000 (2019 - €350,000) at various times in the future up to 24 February 2021 (2019 - 19 December 2019).

24. Called up share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
60,719,000 (2019 - 60,719,000) ordinary shares of £1.00 each	<u>60,719</u>	<u>60,719</u>

25. Employee benefit obligations

From 1 October 2010 the Company contributed to a newly established Group Personal Pension Plan (the Amcor UK Group Personal Pension Plan) for all employees who elected to participate. This plan is open to new members.

The Company operates a defined benefit pension scheme in the UK (the Amcor UK Pension Plan "the Plan"). The Plan is closed to new entrants. The last full actuarial valuation of the Plan was undertaken as at 31 March 2019. The results of this latest full actuarial valuation were signed off on 30 June 2020. Prior to this a full actuarial valuation of the Plan was carried out as at 1 June 2016.

The pension cost charge for the year represents contributions payable by the Company to the Plan, and amounted to £6,830,000 (2019 - £6,990,000). There were no outstanding or prepaid contributions at the year end (2019 - £NIL). The assets of the Plan are held separately from those of the Company in an

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. Employee benefit obligations (continued)

independently administered fund.

In November 2017, following consultation with Amcor Holding, the principal employer of the Plan, the trustee of the Amcor UK Pension Plan purchased a bulk annuity insurance policy for current pensioners, which provides monthly cash income to match the pensioner payroll ("the buy-in"). Under the buy-in, the pension scheme assets and liabilities related to the pensioners will be matched, resulting in a reduction in balance sheet volatility.

In conjunction with consultations on the buy-in, Amcor Holding entered into an irrevocable and unconditional guarantee with the trustee of the Amcor UK Pension Plan. The main provision is to guarantee all present and future obligations owing or to be paid to the Amcor UK Pension Plan, including the ongoing schedule of contributions to the Amcor UK Pension Plan from the UK companies as well as any Section 75 debt / amounts due on insolvency of the UK companies (subject to a guarantee cap).

The risks of the Plan are as follows:

(a) Asset volatility

The Plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of non corporate bond assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the Plan matures, or market movements provide opportunities, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(b) Changes in bond yields

A decrease in corporate bond yields will increase Plan liabilities, although this will be partially offset by an increase in the value of the Plans' bond holdings.

(c) Life expectancy

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

(d) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the Plan against extreme inflation). The majority of the Plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. Employee benefit obligations (continued)

Reconciliation of present value of plan liabilities:

	2020	2019
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	229,100	208,900
Interest on pension scheme liabilities	5,600	6,300
Actuarial losses/(gains)	20,780	18,850
Benefits paid	(8,980)	(7,250)
Past service cost	-	2,300
At the end of the year	246,500	229,100

Reconciliation of present value of plan assets:

	2020	2019
	£000	£000
Opening fair value of scheme assets	203,800	187,000
Expected return on scheme assets	5,100	5,600
Actuarial gains/(losses)	25,650	11,460
Contributions by employer	6,830	6,990
Benefits paid	(8,980)	(7,250)
At the end of the year	232,400	203,800

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. Employee benefit obligations (continued)

Composition of plan assets:

	2020	2019
	£000	£000
Bonds	55,000	44,800
Cash and cash equivalents	600	-
Insurance contracts	97,100	95,300
Other	79,700	63,700
Total plan assets	232,400	203,800

The mix of plan assets has changed following the appointment of a Fiduciary Manager and move towards pooled investment vehicles. The Covid-19 pandemic has resulted in significant volatility in market conditions and asset values over the period to June 2020. However, the relatively low-risk and defensive asset strategy has helped to mitigate the impact of this volatility.

	2020	2019
	£000	£000
Fair value of plan assets	232,400	203,800
Present value of plan liabilities	(246,500)	(229,100)
Net pension scheme liability	(14,100)	(25,300)

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2020	2019
	£000	£000
Interest on obligation	(5,600)	(6,300)
Interest income on plan assets	5,100	5,600
Past service cost	-	(2,300)
Total	(500)	(3,000)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was a loss of £76,124,000 (2019 - loss £80,994,000).

The Company expects to contribute £6,900,000 to its Defined Benefit Pension Scheme in 2021.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Company remains in discussion with the Trustees of the Plan regarding the appropriate equalisation method. Based on the initial assessment the Company does not expect the charge to have a material impact to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. Employee benefit obligations (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	1.8	2.5
Future pension increases in payment	2.9	3.3
Future pension increases - deferred	2.1	2.4
Inflation assumption	2.9	3.4
Mortality rates		
- for a male aged 65 now	22.100	22.372
- at 65 for a male aged 50 now	23.100	23.638
- for a female aged 65 now	25.100	25.241
- at 65 for a female member aged 50 now	26.600	26.604

Mortality rates (unchanged from last year):

Mortality male - S2PMA (Year of Birth) with a 99% adjustment, CMI 2016 future improvements with a 1.5% per annum trend.

Mortality female - S2PFA (Year of Birth) with a 87% adjustment, CMI 2016 future improvements with a 1.5% per annum trend.

Sensitivity analysis of plan liabilities:

A 25bp increase in the discount rate will decrease plan liabilities by £11,600,000 (2019: £12,100,000).

A 25bp decrease in the discount rate will increase plan liabilities by £12,500,000 (2019: £12,800,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. Employee benefit obligations (continued)

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

Defined benefit pension schemes

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Defined benefit obligation	(246,500)	(229,100)	(208,900)	(248,300)	(242,900)
Scheme assets	232,400	203,800	187,000	205,100	201,300
Obligation	<u>(14,100)</u>	<u>(25,300)</u>	<u>(21,900)</u>	<u>(43,200)</u>	<u>(41,600)</u>
Experience adjustments on scheme liabilities	1,220	9,950	(950)	8,600	900
Experience adjustments on scheme assets	<u>25,650</u>	<u>11,460</u>	<u>(21,640)</u>	<u>7,550</u>	<u>5,259</u>

The duration of expected benefit payments is 20 years.

26. Commitments under operating leases

At 30 June 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Land and buildings		
Not later than 1 year	-	238
Later than 1 year and not later than 5 years	-	952
Later than 5 years	-	1,680
	<u>-</u>	<u>2,870</u>
	2020	2019
	£000	£000
Other		
Not later than 1 year	69	255
Later than 1 year and not later than 5 years	62	349
	<u>131</u>	<u>604</u>

Under the modified retrospective approach of IFRS 16 the discounted value of future lease payments towards qualifying leases have been recognised as lease liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

27. Commitments under right of use assets**Impacts on financial statements**

At transition to IFRS 16, the Company recognised an additional £3,095,000 of right-of-use assets and £3,265,000 of lease liabilities. The difference between right-of-use assets and lease liabilities refers to prepaid or accrued lease payments and timing differences of amortisation of asset values and recognition of interest charges at transition.

The Company discounted lease payments using its incremental borrowing rate at 1 July 2019, the weighted-average rate for the Company was 3.0% at transition. Incremental borrowing rates are set per country and maturity. The effect on the Balance Sheet at 1 July 2019 on adoption of IFRS 16 was:

	£000
Other property plant and equipment	3,095
Interest bearing loans and borrowings, non current	(2,869)
Interest bearing loans and borrowings, current	(396)
Reserve adjustment on adoption	170
	<hr/> <hr/>

The table below presents the difference between operating lease commitments under IAS 17 at 30 June 2019 and the initial application for lease liabilities under IFRS 16, discounted using the incremental borrowing rate at 1 July 2019:

	2020 £000
Operating lease commitments at 30 June 2019	3,474
Less: Leases of low value assets and short term leases	(88)
Discounting effect	(431)
	<hr/>
Operating lease commitment discounted using the incremental borrowing rate	2,955
Add: Extension and termination options exercised	310
	<hr/>
Lease liabilities according to IFRS 16 at 1 July 2019	3,265
	<hr/> <hr/>

Recognised depreciation of right-of-use assets instead of minimum lease payments had a small positive impact on operating profit. Interest on lease liabilities had a small negative impact on net financial items.

Since the principal payment is recognised as financing activities, cash flow from financing activities decreased with a corresponding increase in cash flow from operating activities. The interest portion of the lease payment remains as cash flow from operating activities and is included in net financial items paid.

The following amounts in respect of leases, where the company is a lessee, have been recognised in the Statement of Comprehensive Income:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

27. Commitments under right of use assets (continued)

	2020 £000
Interest expense on lease liabilities	75
Depreciation on right of use assets	399
	<hr/>
	474
	<hr/>

28. 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.

Accumulated losses

The accumulated losses account reflects the entity's accumulated losses less dividends paid and payable.

29. 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 2020, the cash pool was in a positive net position of €25,033,000 (2019: €34,000,000 deficit).

30. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Sidlaw Group Limited, registered in England and Wales.

Amcor Plc is the ultimate parent and controlling party, incorporated in Jersey, Channel Islands which is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of Amcor Plc consolidated financial statements can be obtained from the group's website at www.amcor.com/investors.