

**COVERIS FLEXIBLES UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



**COVERIS FLEXIBLES UK LIMITED**

**COMPANY INFORMATION**

**Directors**

D Patterson  
J Pallas  
A Joy

**Registered number**

02925612 (England and Wales)

**Registered office**

Holland Place  
Wardentree Park  
Pinchbeck  
Spalding  
Lincolnshire  
PE11 3ZN

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
DE74 2UZ

**Bankers**

Barclays Bank plc  
Sixth Floor  
One Snowhill  
Snowhill Queensway  
Birmingham  
B4 6GN

Bank Mendes Gans  
Herengracht 619  
1017CE Amsterdam  
The Netherlands

## **COVERIS FLEXIBLES UK LIMITED**

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# COVERIS FLEXIBLES UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

### Introduction

The directors present their strategic report for the year ended 31 December 2018.

### Principal activity

The principal activity of Coveris Flexibles UK Limited (the "company") is the manufacture and sale of packaging products that are used predominantly in the Food and Consumer markets.

### Business review and future developments

2018 has been a challenging year as the company continues to operate in a fiercely competitive environment. The well documented competition between the established supermarkets and the discount chains and the pressure on margins following the UK's vote to leave the EU and the continuing uncertainty of the mechanism for leaving which has impacted raw material costs through weakened foreign exchange rates.

Revenues decreased by 5.1% to £154.6m (2017: £162.8m) as a result of decreases in output volumes and changes in the sales mix. Despite the tough economic climate, our strategy of investing in our staff and equipment resulted in achieving gross margins of 14.7% (2017: 15.0%). Sales and administration expenses have decreased during the year to £23.1m (2017: £25.4m) and management recharges have been made to other UK Coveris business for £8.7m (2017: £Nil).

Exceptional expenses of £1.8m have been incurred in the year (2017: net £0.7m), these substantially related to workforce and senior management team restructuring costs (£1.6m).

The overall result before tax for the year was a £3.0m profit (2017: £3.5m loss). Pre exceptional EBITDA, which is a key measure of performance within the business was £7.5m (2017: £6.9m).

	2018 £000	2017 £000
Operating profit/(loss)	6,467	(1,583)
Exceptional items	1,828	1,819
Exceptional income	-	(1,160)
Depreciation	7,849	7,832
<b>EBITDA</b>	<b>16,144</b>	<b>6,908</b>

	2018 £000	2017 £000
EBITDA	16,144	6,908
Other income	(8,657)	-
<b>EBITDA excluding other income</b>	<b>7,487</b>	<b>6,908</b>

2019 has seen continuing margin pressures due to continuing uncertainty on the UK's exit from the EU, however, the business has seen revenue stabilise with customers moving to recyclable materials. The company has a strong liquidity position and continues to invest in technology to bring new products to market whilst reducing costs.

## **COVERIS FLEXIBLES UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Principal risks and uncertainties**

The principal financial risks and uncertainties are managed on a group wide basis. The management of the business and the execution of the group's strategy are subject to a number of principal risks and uncertainties; the most significant being raw material price inflation, foreign exchange fluctuations, product quality and customer relationship/demand management.

Raw material price inflation, either caused by fluctuations in commodity prices or foreign exchange rates, can have an impact on the cost price of the group's products. The group has a dedicated operational team that consolidates the group purchasing to build strong relationships with key suppliers and also ensure that we have sufficient raw materials to meet forecasted demand. Purchasing contracts are agreed in advance in order to minimise the risk of commodity price fluctuations having a negative impact on the group. The group also regularly reviews its operational format and invests in new machinery and techniques in order to minimise raw material stock wastage.

Product quality is of paramount importance as a failure in product quality could have a significant impact on the group. Our raw materials are sourced from a stable supplier base and pass through a number of quality control processes, both at our suppliers and at our manufacturing locations. Suppliers are selected based upon previous experience and we operate approved supplier lists. Batches of products are tested daily for quality to ensure they meet the group's stringent standards, prior to being dispatched to our customers.

Maintaining good working relationships with customers is of paramount importance to the group, therefore being able to predict customer demand and responding to customer requests is key to achieving this. The group utilises its own experience to forecast customer demand and also regularly meets with key customers to identify any changes in demand. The group has also invested in a number of manufacturing plants based across the United Kingdom, in upgrading its plant and machinery and in training its dedicated workforce in order to allow the group to respond to changes in demand whilst maintaining its strict quality standards.

#### **Financial risk management**

Due to being part of the Coveris group, the financial risk management of the company is managed on a group wide basis by the Coveris S.A. central finance team. The financial risk management risks and policies are disclosed in the consolidated financial statements of Coveris S.A. The elements which are controlled by the company are disclosed below:

The company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise cash balances. Interest bearing liabilities comprise bank overdrafts, hire purchase agreements and intercompany loans. The cash assets are subject to interest rate fluctuations as are the bank overdraft liabilities. The UK group intercompany loan liabilities are free from interest, intercompany loan assets and liabilities with entities outside of the UK have fixed interest rates of 6.5%. The group reviews its interest rate policy on a regular basis.

The company is exposed to liquidity risk. The company has committed financing through its parent undertakings and the group finance team regularly monitor available cash balances and available facilities to ensure that the group has sufficient funds to meet its obligations.

The company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed over the ability of the customer to pay. Regular reviews of credit limits and monitoring of the aged debtor's ledger are utilised to minimise the risk to the group on an ongoing basis. Credit insurance is also utilised to further mitigate the risk of loss to the group.

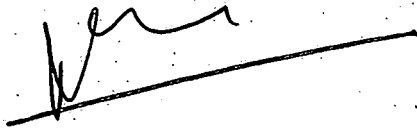
#### **Key performance indicators ("KPI's")**

Given the straightforward nature of the businesses within the group, the company's directors are of the opinion that analysis using non-financial KPI's, other than that included within the review of business, is not necessary for an understanding of the development, performance or position of the business.

**COVERIS FLEXIBLES UK LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

A handwritten signature in black ink, appearing to be 'D. Patterson', is written over a solid black horizontal line.

**D. Patterson**  
Director

30 August 2019

## **COVERIS FLEXIBLES UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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.

#### **Dividends**

No dividends were declared or paid during the year (2017: £Nil).

#### **Directors**

The directors who served during the year and up to the date of approval of these financial statements, unless otherwise stated, were:

D Patterson  
J Pallas  
G E Rehwinkel (resigned 17 June 2019)  
B Collins (resigned 8 February 2019)  
T Norton (resigned 25 April 2019)  
A Joy (appointed 4 March 2019)

#### **Employees**

Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the bonus schemes linked to operating profit.

Consultation with employees or their representatives occurs at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole.

**COVERIS FLEXIBLES UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**Disclosure of information to 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.

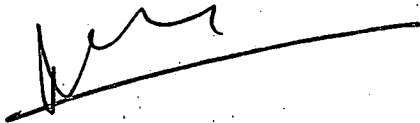
**Matters covered in the strategic report**

The principal activity, future outlook, review of business and principal risks and uncertainties (including financial risk management) are disclosed within the strategic report.

**Auditors**

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

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



**D Patterson**  
Director

30 August 2019



## COVERIS FLEXIBLES UK LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVERIS FLEXIBLES UK LIMITED

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

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##### Opinion

In our opinion, Coveris Flexibles UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 balance sheet as at 31 December 2018; the income statement, 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.

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##### 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.

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##### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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##### 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.

## COVERIS FLEXIBLES UK LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVERIS FLEXIBLES UK LIMITED

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 31 December 2018 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.

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#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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

**COVERIS FLEXIBLES UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVERIS FLEXIBLES UK LIMITED**

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**Other required reporting**

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**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.

*Matt Palmer*

Matt Palmer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

*30 August 2019*

# COVERIS FLEXIBLES UK LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
<b>Turnover</b>	3	154,598	162,835
<b>Cost of sales</b>		(131,816)	(138,372)
<b>Gross profit</b>		22,782	24,463
Other income	4	8,657	-
Administrative expenses		(23,144)	(25,387)
Exceptional administrative expenses	5	(1,828)	(1,819)
Exceptional other operating income	5	-	1,160
<b>Operating profit/(loss)</b>	6	6,467	(1,583)
Interest receivable and similar income	8	739	1,514
Interest payable and similar expenses	9	(4,162)	(3,445)
<b>Profit/(loss) before tax</b>		3,044	(3,514)
Tax on profit/(loss)	10	84	1,921
<b>Profit/(loss) for the financial year</b>		3,128	(1,593)

All operations relate to continuing operations.

The notes on 14 to 32 form part of these financial statements.

**COVERIS FLEXIBLES UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Profit/(loss) for the financial year</b>	<b>3,128</b>	<b>(1,593)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>3,128</u></b>	<b><u>(1,593)</u></b>

The notes on pages 14 to 32 form part of these financial statements.

**COVERIS FLEXIBLES UK LIMITED**  
**REGISTERED NUMBER: 02925612**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
<b>Fixed assets</b>			
Intangible assets	11	982	982
Tangible assets	12	28,300	27,806
Investments	13	918	697
Debtors: amounts falling due after more than one year	15	-	26,486
Deferred tax asset	21	2,534	2,158
		<u>32,734</u>	<u>58,129</u>
<b>Current assets</b>			
Stocks	14	15,848	15,163
Debtors: amounts falling due within one year	15	65,367	65,006
Cash at bank and in hand		25,737	15,040
		<u>106,952</u>	<u>95,209</u>
Creditors: amounts falling due within one year	16	(78,917)	(79,047)
<b>Net current assets</b>		<u>28,035</u>	<u>16,162</u>
<b>Total assets less current liabilities</b>		<u>60,769</u>	<u>74,291</u>
Creditors: amounts falling due after more than one year	17	(28,557)	(29,323)
<b>Net assets</b>		<u><u>32,212</u></u>	<u><u>44,968</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	300	300
Share premium account		8,000	-
Retained earnings		23,912	44,668
		<u><u>32,212</u></u>	<u><u>44,968</u></u>

**COVERIS FLEXIBLES UK LIMITED**  
**REGISTERED NUMBER: 02925612**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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



**D Patterson**  
Director

30 August 2019

The notes on pages 14 to 32 form part of these financial statements.

**COVERIS FLEXIBLES UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
<b>At 1 January 2017</b>	300	-	46,261	46,561
Loss for the year	-	-	(1,593)	(1,593)
<b>At 1 January 2018</b>	<u>300</u>	<u>-</u>	<u>44,668</u>	<u>44,968</u>
Profit for the year	-	-	3,128	3,128
Loans waived to parent undertaking	-	-	(23,884)	(23,884)
Shares issued during the year	-	8,000	-	8,000
<b>At 31 December 2018</b>	<u><u>300</u></u>	<u><u>8,000</u></u>	<u><u>23,912</u></u>	<u><u>32,212</u></u>

The notes on pages 14 to 32 form part of these financial statements.



## **COVERIS FLEXIBLES UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. Statutory information**

Coveris Flexibles UK Limited (the "company") manufactures and sells packaging, predominantly to the Food and Consumer markets. The company is a company limited by shares and is incorporated in England. The address of its registered office is Holland Place, Wardentree Park, Pinchbeck, Spalding, Lincolnshire, PE11 3ZN.

#### **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'.

The financial statements have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting standard 101 'Reduced Disclosure Framework', except in relation to goodwill Under IFRS 3 'Business Combinations'. goodwill is not amortised, but is reviewed for impairment on an annual basis. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. However the departure is necessary in order to comply with IFRS 3. Had the company amortised goodwill over a 20 year economic life the loss for financial year would increase by £95,000 (2017: £95,000) and net assets would reduce by £380,000 (2017: £285,000).

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 December 2018 (2017: year ended 31 December 2017).

The financial statements have been prepared in £000's unless otherwise stated.

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.

The following principal accounting policies have been applied:

## COVERIS FLEXIBLES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 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 paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- 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;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- 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.

##### 2.3 Sale of businesses between wholly owned members of the Coveris group

When the trading assets of an entity are transferred between companies wholly under common control the transaction is recorded at the fair value of the consideration paid. The assets acquired are initially recorded at the carrying value prior to the sale taking place, under the predecessor accounting policy. Any excess between the amounts paid and the net assets acquired is accounted for as a debit to reserves. Goodwill relates to acquisitions made prior to the transition to FRS 101. Under the transition rules this has been held at the net book value on transition.

##### 2.4 Turnover

Turnover represents sales to external customers and is measured at fair value of the consideration received excluding discounts, rebates, VAT and other sales taxes or duty. Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on receipt of the goods at customer's premises. Turnover is stated after deducting all related agreements, for example retrospective adjustments to revenue. At the balance sheet date the amounts expected to be reclaimed under agreements with customers are accrued for and deducted from revenue. In line with GSCOP guidance these amounts are held in accruals to the shorter of settlement with the customer or two full accounting periods since the accrual was created.

## COVERIS FLEXIBLES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.5 Finance and operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Costs in respect of operating leases are charged on a straight line basis over the lease period to the next rent review. Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright.

##### 2.6 Consolidation

The company is a wholly owned subsidiary of Coveris Flexibles Holdings UK Limited and of its ultimate parent undertaking, a private equity investment fund advised by an affiliate of Sun Capital Partners Inc. It is included in the consolidated financial statements of Coveris S.A. which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

##### 2.7 Goodwill

Goodwill arises on the acquisition of subsidiaries and is the difference between the fair value of consideration paid and the net assets acquired. Goodwill is not amortised but reviewed annually for impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

##### 2.8 Investments

Investments are recorded initially at the fair value of consideration given. They are reviewed for impairment where impairment indicators exist.

##### 2.9 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- Leasehold property - over period of lease
- Freehold property - 2% to 10% on cost
- Plant and machinery - 10% to 50% on cost
- Fixtures and fittings - 20% to 33% on cost
- Motor vehicles - 25% on cost

Land is not depreciated. The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required they are made retrospectively.

## **COVERIS FLEXIBLES UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.10 Financial Instruments**

###### **Financial Assets**

###### **Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and short-term deposits, trade and other receivables and loan notes.

###### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

###### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

###### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair-value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

###### **Financial Liabilities**

###### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

## **COVERIS FLEXIBLES UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

##### **Interest bearing loans and borrowings**

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

##### **Derecognition of financial liabilities**

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### **2.11 Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Raw materials, consumables and goods for resale are determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

## COVERIS FLEXIBLES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.12 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

##### 2.13 Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

##### 2.14 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### 2.15 Employee benefit costs

The company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

## COVERIS FLEXIBLES UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.16 Judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### **Impairment of assets - estimate**

The future recoverability of assets (being goodwill, investments, debtors and tangible fixed assets) requires the use of judgement as it requires management to make estimates and judgements in relation to future cash flows. These estimates could be impacted by events and circumstances outside of the control of management, for example a deterioration in the financial health of a major customer or significant deterioration in the UK economy as a whole. In making their assessment management have utilised the latest financial performance budgets.

##### **Useful economic lives of tangible fixed assets and residual values - estimate**

The tangible fixed assets are depreciated over their useful economic lives to their expected residual value. A change in technology or other such events could have an impact on both. Each year the assets are reviewed, and their useful economic lives and residual values are adjusted, as and when required.

##### **Revenue recognition - estimate and judgement**

Revenue is recognised based upon agreed terms with customers and accepted delivery of goods. However, as is common place within the UK Food Industry, agreements are often entered into with customers which retrospectively adjust the invoiced price. These adjustments are often based upon the achievement of variable criteria, for example sales growth year on year or the achievement of sales volume targets. The period of these agreements is often not coterminous with the company's financial year and therefore estimates are required of the likely amounts to be claimed by customers based upon sales made during the year. The settlement of these liabilities could be at differing values to those predicted at the year-end for a number of reasons, for example post year end under/over performance in sales forecasts or negotiations made subsequent to the year end.

#### 3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	144,857	153,271
Europe	7,824	7,297
Other countries	1,917	2,267
	<u>154,598</u>	<u>162,835</u>

**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. Other income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Management charges	8,657	-

Management charges were made to other group companies during 2018.

**5. Exceptional items**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Exceptional administrative expenses - restructuring	1,608	1,819
Exceptional other operating income - insurance claim	-	(1,160)
Exceptional administrative expenses - IT interruption costs	202	-
Exceptional administrative expenses - group simplification costs	18	-
	<u>1,828</u>	<u>659</u>

During 2018, the company continued restructuring its workforce and senior management team. This has resulted in restructuring, compensation and redundancy costs of £1,608,000 (2017: £1,819,000).

During 2018, the company experienced a cyber attack which resulted in IT interruption costs of £202,000.

During 2018, the Coveris UK group of companies performed a business simplification exercise, as part of this intercompany loans of £23,884,000 due from/to other group companies were waived resulting in a net charge for the company. The company incurred professional fees relating to the business simplification exercise of £18,000. As the loan waiver was with a parent undertaking the transaction has been recognised directly in reserves.

During 2017, the company received an insurance claim of £1,160,000 related to compensation for business interruption which occurred in 2016 caused by a machine breakdown.

**6. Operating profit/(loss)**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Cost of inventories recognised as an expense	71,830	74,865
Depreciation - owned assets	6,504	7,817
Depreciation - leased assets	1,345	15
Loss on disposal of fixed assets	343	77
Foreign exchange gains	(17)	(351)
Auditors' remuneration	77	77
Operating lease - land and buildings	2,554	3,022
Operating lease - other	972	1,311



**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Employees and directors**

Staff costs were as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
Wages and salaries	37,730	39,268
Social security costs	3,512	3,885
Other pension costs	1,212	911
	<u>42,454</u>	<u>44,064</u>

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

	<b>2018 No.</b>	<b>2017 No.</b>
Directors	5	4
Production	859	991
Administration	367	308
	<u>1,231</u>	<u>1,303</u>

The directors were remunerated by other group companies for their services to the group as a whole and therefore the disclosure of their emoluments is included within the disclosures made for those companies.

**8. Interest receivable and similar income**

	<b>2018 £000</b>	<b>2017 £000</b>
Deposit account interest	45	85
Intercompany interest	694	1,429
	<u>739</u>	<u>1,514</u>

**9. Interest payable and similar expenses**

	<b>2018 £000</b>	<b>2017 £000</b>
Hire purchase interest	83	2
Bank interest payable	1,662	1,575
Intercompany interest	2,417	1,868
	<u>4,162</u>	<u>3,445</u>

**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Taxation**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Corporation tax</b>		
Current tax on loss for the year	292	145
Adjustments in respect of previous years	-	140
<b>Total current tax</b>	<u>292</u>	<u>285</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(360)	(1,373)
Impact of change in tax rates	55	26
Adjustment in respect of previous years	(71)	(859)
<b>Total deferred tax</b>	<u>(376)</u>	<u>(2,206)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>(84)</u>	<u>(1,921)</u>

**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax charge/(credit) assessed for the year is lower (2017 - higher) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	<b>2018 £000</b>	<b>2017 £000</b>
Profit/(loss) on ordinary activities before tax	<u>3,044</u>	<u>(3,514)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	578	(676)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior years	(71)	(719)
Expenses not deductible/(Income) not taxable for tax purposes	(204)	(311)
Re-measurement of deferred tax - change in UK tax rate	55	26
Deferred tax not recognised	285	-
Other differences	23	67
Group relief for nil consideration	(750)	(308)
<b>Total tax credit for the year</b>	<u>(84)</u>	<u>(1,921)</u>

**Factors that may affect future tax charges**

The statutory UK corporation tax rate is currently 19%, effective from 1 April 2017 (reduced from 20% previously). Note, this rate will be further reduced in future periods to 17% (effective from 1 April 2020 – substantially enacted on 6 September 2016).

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantially enacted, at 31 December 2018. For the year ended 31 December 2018, the above rates have been utilised to calculate the closing deferred taxation balances (giving an effective rate of 17.90%)

**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. Goodwill**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	1,898
	<hr/>
<b>Amortisation</b>	
At 1 January 2018 and 31 December 2018	916
	<hr/>
<b>Net book value</b>	
At 31 December 2017 and 31 December 2018	982
	<hr/> <hr/>

**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets**

	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Fixtures and fittings £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 January 2018	2,801	62,545	14,369	178	79,893
Additions	86	7,996	956	6	9,044
Disposals	-	(9,590)	(2,920)	(42)	(12,552)
At 31 December 2018	<u>2,887</u>	<u>60,951</u>	<u>12,405</u>	<u>142</u>	<u>76,385</u>
<b>Depreciation</b>					
At 1 January 2018	963	40,575	10,384	165	52,087
Charge for the year	79	5,763	2,000	7	7,849
Disposals	-	(8,949)	(2,860)	(42)	(11,851)
At 31 December 2018	<u>1,042</u>	<u>37,389</u>	<u>9,524</u>	<u>130</u>	<u>48,085</u>
<b>Net book value</b>					
At 31 December 2018	<u>1,845</u>	<u>23,562</u>	<u>2,881</u>	<u>12</u>	<u>28,300</u>
At 31 December 2017	<u>1,838</u>	<u>21,970</u>	<u>3,985</u>	<u>13</u>	<u>27,806</u>

Included in the cost of land and buildings is freehold land of £132,000 (2017: £132,000) which is not depreciated.

The net book value of assets held under hire purchase agreements at 31 December 2018 was £5,649,935 (2017: £1,705,500).

# COVERIS FLEXIBLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 13. Fixed asset investments

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2018	697
Additions	221
At 31 December 2018	918
<b>Net book value</b>	
At 31 December 2018	918
At 31 December 2017	697

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Paragon Labels (Norfolk) Limited	Ordinary	100 %	Investment property/dormant
Rivendell Europe Limited	Ordinary	100 %	Supply of pre-media services
St Neots (Hong Kong) Limited	Ordinary	100 %	Dormant
Castle Hills Eaton Socon Management Company Limited	Ordinary	67 %	Dormant

The registered office of Paragon Labels (Norfolk) Limited is 1 More London Place, London, SE1 2AF.

The registered office of Rivendell Europe Limited is Holland Place Wardentree Park, Pinchbeck, Spalding, Lincolnshire, England, PE11 3ZN.

The registered office of St Neots (Hong Kong) Limited is 6th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong.

The registered office of Castle Hills Eaton Socon Management Company Limited is Holland Place Wardentree Park, Pinchbeck, Spalding, Lincolnshire, England, PE11 3ZN.

During the year the investment in Rivendell Europe Limited was acquired by the company at the net book value of the investment.

# COVERIS FLEXIBLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 13. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit £000
Rivendell Europe Limited	1,408	1,547

### 14. Stocks

	2018 £000	2017 £000
Raw materials	3,882	4,610
Work in progress	592	975
Finished goods	11,374	9,578
	15,848	15,163

There is no material difference between the replacement cost of stocks and the amounts stated above.

Inventories are stated after provisions for impairment of £403,000 (2017: £578,000)

### 15. Debtors

	2018 £000	2017 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	-	26,486
<b>Due within one year</b>		
Trade debtors	38,720	38,710
Amounts owed by group undertakings	22,553	22,336
Other debtors	2,105	1,236
Prepayments and accrued income	1,697	2,724
Corporation tax	292	-
	65,367	65,006

# COVERIS FLEXIBLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 15. Debtors (continued)

Trade debtors are stated after making provisions for impairment of £58,000 (2017: £19,000).

Amounts owed by group undertakings which are repayable within one year are unsecured, interest free and repayable on demand.

Amounts owed by group undertakings due after more than one year relate to principal loan balances with entities located outside the UK totalling £Nil (2017: £21.6m) and include interest of £Nil (2017: £4.9m) which accrued at a rate of 6.5% (2017: 6.5%).

### 16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	20,780	29,421
Trade creditors	19,600	23,197
Amounts owed to group undertakings	26,716	13,547
Other taxation and social security	1,130	1,498
Hire purchase contracts	1,201	289
Other creditors	1,028	2,515
Accruals and deferred income	8,462	8,580
	<u>78,917</u>	<u>79,047</u>

The bank overdrafts are secured by a fixed and floating charge over the inventories and trade debtors certain of the company assets and accrues interest at variable rates.

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

Amounts due under hire purchase agreements are secured against the assets on which the finance was granted.

### 17. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Hire purchase contracts	1,433	583
Amounts owed to group undertakings	27,124	28,740
	<u>28,557</u>	<u>29,323</u>

Amounts due under hire purchase agreements are secured against the assets on which the finance was granted.

Amounts owed to group undertakings relate to principal loan balances with entities located outside of the UK and totaled £27.1m (2017: £28.7m) and attracted interest at a rate of 6.5% (2017: 6.5%). Rolled up interest at 31 December 2018 amounted to £Nil (2017: £Nil).



# COVERIS FLEXIBLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 18. Financial liabilities - borrowings

The repayment schedule for financial liabilities is as follows:

	2018 £000	2017 £000
<b>Financial liabilities - less than one year</b>		
Bank overdrafts	20,780	29,421
Hire purchase contracts	1,201	289
	<u>21,981</u>	<u>29,710</u>
	2018 £000	2017 £000
<b>Financial liabilities - more than one year</b>		
Hire purchase contracts	<u>1,433</u>	<u>583</u>

### 19. Hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2018 £000	2017 £000
<b>Net obligations repayable:</b>		
Within one year	1,257	289
Between one and five years	1,466	583
	<u>2,723</u>	<u>872</u>

### 20. Secured debts

The following secured debts are included within creditors:

	2018 £000	2017 £000
Bank overdrafts	20,780	29,421
Hire purchase contracts	2,634	872
	<u>23,414</u>	<u>30,293</u>

The bank overdrafts are secured by a fixed and floating charge over the inventories and trade debtors certain of the company assets and accrues interest at variable rates.

Amounts due under hire purchase agreements are secured against the assets on which the finance was granted.

**COVERIS FLEXIBLES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. Deferred taxation**

	<b>2018 £000</b>
At beginning of year	2,158
Income statement credit	376
<b>At end of year</b>	<b>2,534</b>

The deferred tax asset is made up as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
Accelerated capital allowances	2,142	1,867
Provisions and pensions	392	291
	<b>2,534</b>	<b>2,158</b>

Deferred tax is provided where there is reasonable certainty over the recovery of the asset, with regard to future taxable profits. It is expected that there will be sufficient trading profits in the company in the foreseeable future, against which the deferred tax assets will be utilised.

At the end of the financial year, the company has disallowed interest of £1,812,000 (2017: nil) available for relief in a future period. No deferred tax asset has been recognised in respect of this relief.

**22. Share capital**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Allotted, called up and fully paid</b>		
300,001 (2017: 300,000) Ordinary shares of £1 each	300	300

During the year 1 share was issued to the immediate parent undertaking for £8,000,000.

**23. Contingent liabilities**

As part of the debt obtained by Coveris S.A. for certain elements of the debt, each subsidiary undertaking of Coveris S.A. was included as a guarantor of the debt. The company was a guarantor under three separate facilities as of 31 December 2018. Details of the group financing arrangements are included within the consolidated financial statements of Coveris S.A. which are publicly available at [www.lbr.lu](http://www.lbr.lu). Following the sale of the American and Rigid businesses by Coveris S.A. during Q2 2018 the majority of the groups debt has now been repaid in full. In the opinion of the directors no liability is expected to arise from this obligation.

# COVERIS FLEXIBLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 24. Ultimate parent company

The company's immediate parent undertaking is Coveris Flexibles Holdings UK Limited.

The ultimate parent undertaking and controlling party of the Company is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

The largest and smallest company to consolidate the results and financial position of the company is that headed by Coveris S.A. These consolidated financial statements are available from [www.lbr.lu](http://www.lbr.lu).

### 25. Capital commitments

At 31 December 2018 the company had capital commitments as follows:

	2018 £000	2017 £000
Contracted but not provided for in the financial statements	880	445

### 26. Pension commitments

The company operates a defined contributions pension scheme. Contributions payable are charged in the income statement, in the year ended 31 December 2018 these amounted to £1,212,000 (2017: £911,000). At 31 December 2018 £186,000 (2017: £181,000) was outstanding.

### 27. Operating lease commitments

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
<b>Land and buildings</b>		
Within one year	2,254	2,164
Between 1-5 years	7,927	5,312
After more than 5 years	10,503	2,074
	<u>20,684</u>	<u>9,550</u>
<b>Other</b>		
Within one year	551	563
Between 1-5 years	740	1,018
After more than 5 years	-	5
	<u>1,291</u>	<u>1,586</u>