

Registered number: 02973822

STOELZLE FLACONNAGE LIMITED (formerly Stölzle Flaconnage Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



STOELZLE FLACONNAGE LIMITED

COMPANY INFORMATION

Director	TA Riss
Company secretary	S Malpass
Registered number	02973822
Registered office	Weeland Road Knottingley West Yorkshire WF11 8AP
Independent auditor	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT

STOELZLE FLACONNAGE LIMITED

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STOELZLE FLACONNAGE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The director presents his Strategic Report for the year ended 31 December 2019.

Business review

The Company has a single cosmetic grade glass furnace and five associated production lines. It can produce single and double gob glass containers with the ability to manufacture feeder colour products on two of the five lines.

The Company operates in the niche prestige markets in the Spirit and Perfumery sectors, offering a higher quality product with a higher degree of complexity and flexibility to meet its customer demands. To add further value and distinguish its glass containers the company has an in house decoration facility offering a range of complex decoration techniques.

The profit for the financial year after tax amounted to £1,846,909 (2018 - loss £3,100,912).

Following the installation of our replacement furnace in 2016, the Company has now successfully utilised the increased production capacity created by the investment. This has enabled the company to satisfy the strong sales demand generated by the Spirit sector during the year.

The results contained significant efficiency gains from our production facilities. The quality of our product continues to be of paramount importance to our customers, and we have invested further in new inspection equipment at the cold end of our production facility together with ongoing investment in the training of our employees and improved operating procedures. As a result, the quality of our products and services have continued to improve during the year, evidenced by significant progress against our key performance indicators for quality outlined below.

STOELZLE FLACONNAGE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The Company's activities give rise to a number of risks and uncertainties. The director reviews and agrees policies for managing each of these risks and they are summarised below:

Currency risk	The Company's profit and loss account and balance sheet are reported in pounds Sterling and may be affected by fluctuations in exchange rates. Approximately 10% of the Company's turnover are conducted in either US Dollars or Euros. In light of its foreign currency exposure, the Company hedges some US Dollar and Euro denominated transactions.
Credit risk	The continuing challenging credit environment has highlighted the importance of governance and management of credit risk. Credit exposure risk is monitored centrally for individual transactions and the appropriateness of customer credit limits. The Company also uses credit insurance where appropriate.
Liquidity risk	The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by the use of loans from group companies and cash reserves. Management control and monitor the Company's cash flow on a regular basis.
Market risk	Being a heavy user of electricity and gas, the Company limits its exposure to fluctuations in market prices by fixing purchasing prices in advance at Group level.
Political risk	Although the majority of the customer base is within the UK with Sterling currency, we share in the general economic uncertainties of the outcome of the Brexit process.
Going concern risk	The Covid 19 pandemic poses a risk to the company due to a fall in demand for the company's products which resulted in a temporary suspending of production post year end. It is not currently known how long the current circumstances are likely to last and what the long term impact might be. The company has been able to utilise the various support mechanisms instigated by the UK government including use of the Coronavirus Job Retention Scheme and the deferral of VAT payments.

Financial key performance indicators

The director has monitored the progress of the Company strategy and a review of the Key Performance Indicators (KPIs) is provided below:

KPI	Progress
Revenue	Turnover remained stable compared to 2018, with a fall of only £50k on total revenue of £54.5m. A proportion of 2018 turnover contained sales of goods produced by sister companies, and this has been directly replaced by turnover from our own production.
Margin	Gross margin was 17.7% in the year compared to 8.8% in the prior year. The increase is due to a combination of sales article mix, efficiency improvements, and a reduction in the costs associated with quality control.
Cash Management	The Company manages its resources to ensure it is able to continue as a going concern while minimising costs and liquidity risk. The Company benefits from short term finance from the ultimate holding company (CAG Holding GmbH); overdraft facilities of over £11M with two major European financial group banking institutions; and invoice factoring facilities of up to £20M, which provide sufficient finance for the ongoing working capital requirements of the Company.

STOELZLE FLACONNAGE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Other key performance indicators

The Company's key performance indicators as well as the financial KPI's described above relate to and focus on the strategy of Safety, Quality and Delivery.

KPI	Progress
Safety	The Company is committed to the health and safety impacts of its operations on employees and visitors. The number of lost time accidents (LTAs) is used to track this objective. LTAs in 2019 amounted to 7 (2018 - 9 LTAs).
Quality	Our aim is to become the best glass supplier in terms of quality of both product and service to our customers. The number of customer complaints and the Cost of Poor Quality (COPQ) are used to monitor this. There is a continued focus on reducing the COPQ, (including scrap, secondary resorting and handling costs), by reducing previously supplied external resource and replacing with dedicated internal resources and controls to align with the strategy of the markets in which we aim to operate.
Delivery	On time and in full (OTIF) performance measurements are used to track performance against key customer targets. The company uses bar coding solutions for stock control and accuracy across the organisation.

Section 172 (1) Statement

The director of the company, as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in a way they consider in good faith would be most likely to promote the success of the company, for the benefit of its shareholders as a whole, and in doing so have regard to :

- ✓ the likely consequences of any decision's in the long term
- ✓ the interest of the company's employees
- ✓ the need to foster the company's business relationships with suppliers, customers and others
- ✓ the impact of the company's operations on the community and environment
- ✓ the desirability of the company maintaining a reputation for high standards of business conduct
- ✓ the need to act fairly as between shareholders of the company

As part of their induction a director is briefed on their duties. They can access professional advice on these, either from the company secretary, or if they judge it necessary from an independent adviser. It is important to recognise that in an organisation such as ours the director fulfils his duty partly through a governance framework that delegates day to day decision-making to employees of the company. Details can be found in documents available online such as the Stoelzle Code of Conduct, or the Corporate Social Responsibility Policy on our website.

The following paragraphs summarize how the director fulfils his duty:

Risk management

We continued the roll-out of our strategy throughout the year to continue the development of our organisation as a leading glass company in the prestige and ultra-prestige spirit market. Within this strategy, we aligned investment and development programs to support its implementation. As we grew, our business and our risk environment also became more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face and that we continue to involve our approach to risk management. This is done on a regular basis at both company level, (following the regulations in our upgraded ISO certification), and at group level involving senior group management.

STOELZLE FLACONNAGE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Our people

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach towards our employees. The health, safety, and well-being of our employees is one of our primary considerations in the way we do business. To succeed, we need to manage our people's performance and develop them, bringing talent through, whilst ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way. We think we can celebrate that we have undertaken a big step forward in developing this ethos over the last financial year. This included general training in leadership for all functions of the business, along with the completion of the next stage in our LSS (Lean Six Sigma) development, as well as providing very specific training in relation our own processes and equipment, to further support staff development.

Business relationships

Our strategy to improve our position as a key supplier in the prestige spirit market is supported by long-term customer relationships with the major players in this sector. These well-established business collaborations have been further developed by running common CI projects, or by offering for example, creative/technical design services on a new level. We have also widened our customer base to allow for this growth in-line with our business strategy. We continue to develop sustainable, long-term relationships with our key suppliers.

Community and environment

The company's approach is to create positive change for the people working for us and the community with which we interact. To understand how we can move this forward, we undertook a group-wide employee survey within the last year and executed various actions as a result of the feedback we received.

The same process model is used by the company to constantly improve our environmental footprint, by maintaining what we have previously achieved and improve wherever we see the opportunity to do so.

Shareholders

The board is committed to openly engaging with our parent company board, as we recognise the importance of continued, effective dialogue, whether this be with our head office or with our family shareholder. These routine communications take place on various levels and are always held in a very positive mood, forward looking and target driven to ensure the alignment of all relevant parties.

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



TA Riss
Director

Date:

27.05.2020

STOELZLE FLACONNAGE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The director presents his report and the financial statements for the year ended 31 December 2019.

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,846,909 (2018 - loss £3,100,912).

The director does not recommend the payment of a dividend.

Director

The director who served during the year was:

TA Riss

STOELZLE FLACONNAGE LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

Following the investment during 2016, the Company will continue to invest in its manufacturing capabilities, especially in Decoration techniques and Cold End Inspection facilities, in addition to considering future environmental and sustainability requirements to enable us to further develop market opportunities in the Prestige Spirit sector.

The strategy of the Company continues to focus on ensuring that we deliver high quality, prestige and speciality glass to our customers; at the same time ensuring the stability of our business is maintained even with the current uncertain economic situation.

As disclosed in note 2.3 the Company stopped production at the end of March 2020 as a result of Covid-19 and restarted in May 2020.

Employee involvement

The Company's policy is to consult, discuss and inform its employees regarding the financial performance of the business, through unions, meetings and notices, on matters likely to affect employee's interests.

The Board considers a loyal and highly skilled work force essential to the future of the business, and is committed to training and employee development. Considerable value is placed on employee involvement, and the Board continues to maintain its policy of effective communication with employees on matters affecting them or the various factors affecting the performance of the Group.

It is the policy of the Board to give full and fair consideration to all applications made by disabled persons for job vacancies where particular requirements are within their ability. Wherever possible, arrangements are made for the continuing employment of employees who have become disabled.

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he 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 auditor is aware of that information.

Post balance sheet events

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

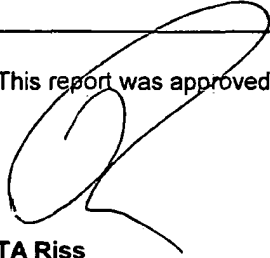
Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

STOELZLE FLACONNAGE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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



TA Riss
Director

Date: 27.05.2020

STOELZLE FLACONNAGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STOELZLE FLACONNAGE LIMITED

Opinion

We have audited the financial statements of Stoelzle Flaconnage Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Covid-19 pandemic has had a significant, immediate impact on the company's operations and, at the present time, it is not clear how long the current circumstances are likely to last and what the long term impact on the company will be. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

STOELZLE FLACONNAGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STOELZLE FLACONNAGE LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's report.

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

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

Responsibilities of directors

As explained more fully in the Director's responsibilities statement on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

STOELZLE FLACONNAGE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STOELZLE FLACONNAGE LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Jayson (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

3rd floor

The Lexicon

Mount Street

Manchester

M2 5NT

Date: 27 May 2020

STOELZLE FLACONNAGE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	54,538,774	54,586,918
Cost of sales		(44,886,088)	(49,767,604)
Gross profit		9,652,686	4,819,314
Distribution costs		(4,180,526)	(5,022,483)
Administrative expenses		(3,154,940)	(2,609,745)
Operating profit/(loss)	5	2,317,220	(2,812,914)
Interest receivable and similar income	8	19,814	340
Interest payable and expenses	9	(397,374)	(615,535)
Profit/(loss) before tax		1,939,660	(3,428,109)
Tax on profit/(loss)	10	(92,751)	327,197
Profit/(loss) for the financial year		1,846,909	(3,100,912)

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 14 to 30 form part of these financial statements.

STOELZLE FLACONNAGE LIMITED
REGISTERED NUMBER: 02973822

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	20,715,729	20,644,433
		<u>20,715,729</u>	<u>20,644,433</u>
Current assets			
Stocks	12	10,481,443	10,934,358
Debtors: amounts falling due within one year	13	3,482,918	4,773,768
Cash at bank and in hand	14	1,079	1,966
		<u>13,965,440</u>	<u>15,710,092</u>
Creditors: amounts falling due within one year	15	(20,390,688)	(24,081,052)
Net current liabilities		<u>(6,425,248)</u>	<u>(8,370,960)</u>
Total assets less current liabilities		<u>14,290,481</u>	<u>12,273,473</u>
Creditors: amounts falling due after more than one year	16	(4,244,014)	(4,166,666)
Provisions for liabilities			
Deferred tax	18	(92,751)	-
Net assets		<u><u>9,953,716</u></u>	<u><u>8,106,807</u></u>
Capital and reserves			
Called up share capital	19	1,000,000	1,000,000
Profit and loss account	20	8,953,716	7,106,807
		<u><u>9,953,716</u></u>	<u><u>8,106,807</u></u>

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


TA Riss
 Director

Date:

27.05.2020

The notes on pages 14 to 30 form part of these financial statements.

STOELZLE FLACONNAGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	1,000,000	10,207,719	11,207,719
Comprehensive income for the year			
Loss for the year	-	(3,100,912)	(3,100,912)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(3,100,912)	(3,100,912)
Total transactions with owners	-	-	-
At 1 January 2019	1,000,000	7,106,807	8,106,807
Comprehensive income for the year			
Profit for the year	-	1,846,909	1,846,909
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,846,909	1,846,909
Total transactions with owners	-	-	-
At 31 December 2019	1,000,000	8,953,716	9,953,716

The notes on pages 14 to 30 form part of these financial statements.

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Stoelzle Flaconnage Limited ("the Company") is a company limited by shares and incorporated and domiciled in the United Kingdom (Company Number 2973822). The registered office is located at Weeland Road, Knottingley, WF11 8AP. The principal activities of the Company are the manufacture of glass containers from cosmetic type glass, servicing a niche market for the premium spirit and perfumery/cosmetics sector.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 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 following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CAG Holding GmbH as at 31 December 2019 and these financial statements may be obtained from Matthias Ertl, CAG Holding Gesellschaft mbH, Werkstrasse 1, A-3182 Marktl, Austria.

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

The Company meets its working capital requirements through its bank and intercompany facilities. These facilities comprise an overdraft/working capital facilities, factoring facilities, a capital loan secured on plant, an intercompany loan and a group cash pooling facility. The director prepares annual budgets and forecasts in order to ensure that they have sufficient facilities in place and that they comply with the terms and conditions of the bank facilities and they have reassessed these forecasts in the light of Covid-19 including scenario planning.

The key assumptions in these the forecasts are:

- Work has recommenced in mid-May, however with reduced demand.
- Reduction in Capital Expenditure
- Furloughed salaries are recovered from the Government.

In addition the Board is formulating its plan and strategy for the future development of the business and has considered a period beyond that for which formal budgets and forecasts are prepared.

The company has seen a fall in demand for the company's products and customers who are already holding high levels of stock are also seeing general demand fall. The Covid-19 pandemic has had a significant, immediate impact on the company's operations and, at the present time, it is not clear how long the current circumstances are likely to last and what the long term impact will be.

At the end of March 2020, a decision was taken to suspend the production lines on a temporary basis although the furnace was continuing to operate albeit at a lower cost. On 11 May 2020 production restarted on two of the company's production lines, with the third line planned to start 1 June 2020 and it is anticipated to increase back to full capacity (five lines) by September 2020 based on current sales forecasts. As part of the scenario planning performed on the forecasts, even if the capacity is maintained at this reduced level of three lines, the business will be able to continue within the existing facilities.

The director has been in contact with its bank and the Company has also taken steps to utilise the various support mechanisms instigated by the UK government including use of the Coronavirus Job Retention Scheme and the deferral of VAT payments.

Following the year end, the company's group cash pooling facility and inter company loan from the parent company have been extended to cover at least 12 months from the date of signing of the financial statements. Management fully expect all of the other bank facilities to be renewed on an annual basis, as they have been historically.

Having assessed the circumstances the director has determined that there is a material uncertainty as to the ability of the company to continue as a going concern for the foreseeable future, however they believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments if the entity were unable to continue as a going concern.

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Foreign currency translation

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. Non-monetary 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.5 Revenue

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

Sale of goods

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

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

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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.

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 payment 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 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 balance sheet 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 Balance sheet date, except that:

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

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

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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 25 years
Plant and machinery	- 4 to 10 years
Moulds	- 3 years

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.

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. Impairment losses are recognised immediately in the Profit and loss account.

2.14 Debtors

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

2.15 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.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 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 Balance sheet 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 Balance sheet.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

STOELZLE FLACONNAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

(a) Critical judgements in applying the Company's accounting policies

(i) Functional currency

The functional currency for the Company is the currency of the primary economic environment in which the company operates. The Company has determined the functional currency is GBP. Determination of functional currency may involve certain judgements to determine the primary economic environment. The company reconsiders the functional currency if there is a change in events and conditions which determines the primary economic environment.

(b) Key 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.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic life and residual value 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. See note 11 for the carrying amount of tangible fixed assets. See note 2.12 for the useful economic lives for each class of assets.

(ii) Stock provision

The Company manufactures glass bottles for the perfume and alcohol industries and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and the condition of the stock, as well as applying anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of stock.

(iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

The whole of the turnover is attributable to one principal business activity of the company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	46,309,596	44,316,739
Rest of Europe	6,051,853	7,337,951
Rest of the world	2,177,325	2,932,228
	<u>54,538,774</u>	<u>54,586,918</u>

5. Operating profit/(loss)

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

	2019 £	2018 £
Depreciation of tangible fixed assets	3,435,114	3,418,948
Other operating lease rentals	24,005	209,380
Defined contribution pension costs	968,972	913,928
	<u></u>	<u></u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>18,750</u>	<u>18,750</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	2,575	2,625
All other services	<u>1,000</u>	<u>-</u>

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	12,277,956	12,032,165
Social security costs	1,331,375	1,277,002
Cost of defined contribution scheme	968,972	913,928
	<u>14,578,303</u>	<u>14,223,095</u>

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

	2019 No.	2018 No.
Works	309	309
Administrative	43	39
Executive	16	15
	<u>368</u>	<u>363</u>

8. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>19,814</u>	<u>340</u>

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	320,482	329,920
Net foreign exchange (gain)/loss	(1,136)	204,750
Loans from group undertakings	78,028	80,865
	<u>397,374</u>	<u>615,535</u>

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation

	2019 £	2018 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	92,751	(327,197)
Total deferred tax	92,751	(327,197)
Taxation on profit/(loss) on ordinary activities	92,751	(327,197)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	1,939,660	(3,428,109)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	368,535	(651,341)
Effects of:		
Expenses not deductible for tax purposes	944	378
Fixed asset differences	20,301	24,322
Other timing differences leading to an increase (decrease) in taxation	117	-
Difference between standard and deferred tax rate	(41,042)	65,962
Deferred tax not recognised	(256,104)	233,482
Total tax charge for the year	92,751	(327,197)

Factors that may affect future tax charges

At the year end the Company had tax losses to carry forward against future profits of £5.9m (2018 - £7.4m). The deferred tax asset representing these trading losses has not been recognised due to the uncertainty over the timing of future taxable gains.

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Moulds £	Total £
Cost or valuation				
At 1 January 2019	2,050,000	38,719,821	1,855,163	42,624,984
Additions	-	3,349,814	339,871	3,689,685
Disposals	-	(2,690,353)	(693,312)	(3,383,665)
At 31 December 2019	<u>2,050,000</u>	<u>39,379,282</u>	<u>1,501,722</u>	<u>42,931,004</u>
Depreciation				
At 1 January 2019	1,510,000	19,485,132	985,419	21,980,551
Charge for the year on owned assets	-	2,961,322	473,792	3,435,114
Disposals	-	(2,539,940)	(660,450)	(3,200,390)
At 31 December 2019	<u>1,510,000</u>	<u>19,906,514</u>	<u>798,761</u>	<u>22,215,275</u>
Net book value				
At 31 December 2019	<u>540,000</u>	<u>19,472,768</u>	<u>702,961</u>	<u>20,715,729</u>
At 31 December 2018	<u>540,000</u>	<u>19,234,689</u>	<u>869,744</u>	<u>20,644,433</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold land (not depreciated)	<u>540,000</u>	<u>540,000</u>

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Stocks

	2019 £	2018 £
Raw materials and consumables	2,908,445	3,336,254
Finished goods and goods for resale	7,572,998	7,598,104
	<u>10,481,443</u>	<u>10,934,358</u>

The carrying value of stocks are stated net of impairment losses totalling £73,912 (2018 - £25,471).

13. Debtors

	2019 £	2018 £
Trade debtors excluding factored debts	11,284,872	12,462,814
Factored debts	(8,316,172)	(8,408,817)
Amounts owed by group undertakings	179,976	261,971
Other debtors	121,514	138,442
Prepayments and accrued income	212,728	319,358
	<u>3,482,918</u>	<u>4,773,768</u>

The Company has entered into an agreement to factor a specific proportion of trade debtors with Erste Bank. The amounts factored at the reporting date are shown above.

Trade debtors are stated after provision for impairment of £nil (2018 - £7,530).

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,079	1,966
Less: bank overdrafts	(3,965,238)	(4,500,003)
	<u>(3,964,159)</u>	<u>(4,498,037)</u>

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	3,965,238	4,500,003
Bank loans	4,166,667	1,666,667
Trade creditors	5,763,398	4,873,853
Amounts owed to group undertakings	1,488,819	8,700,203
Other taxation and social security	1,154,117	677,324
Other creditors	355,334	412,691
Accruals and deferred income	2,147,115	1,900,311
Share capital treated as debt	1,350,000	1,350,000
	<u>20,390,688</u>	<u>24,081,052</u>

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

	2019 £	2018 £
Bank loans	-	4,166,666
Amounts owed to group undertakings	4,244,014	-
	<u>4,244,014</u>	<u>4,166,666</u>

In 2016, the Company entered into a loan agreement with UniCredit Bank Austria for £10m to help fund the construction of a new furnace. The balance of the loan outstanding as at 31 December 2019 was £4,166,667 (2018 - £5,833,333). Interest is charged at 6-month LIBOR plus 0.9%. The Company also entered into an interest rate swap agreement for the loan at 1.14%.

This loan has a guarantee provided by Stöelzle Oberglas, the Company's immediate parent, to the value of £10,000,000 of which there is a State export guarantee from the Austrian Government via Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) to the value of £3,000,000.

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	4,166,667	1,666,667
Amounts falling due 1-2 years		
Bank loans	-	1,666,666
Amounts falling due 2-5 years		
Bank loans	-	2,500,000
	<u>4,166,667</u>	<u>5,833,333</u>

18. Deferred taxation

	2019 £	2018 £
At beginning of year	-	(327,197)
Charged to profit or loss	(92,751)	-
Utilised in year	-	327,197
At end of year	<u>(92,751)</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(1,059,077)	-
Tax losses carried forward	1,001,437	-
Short term timing differences	(35,111)	-
	<u>(92,751)</u>	<u>-</u>

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000,000 (2018 - 1,000,000) Ordinary shares of £1.00 each	1,000,000	1,000,000
	<u>2019</u> £	<u>2018</u> £
Shares classified as debt		
Allotted, called up and fully paid		
600,000 (2018 - 600,000) Ordinary A Redeemable shares of £1.00 each	600,000	600,000
750,000 (2018 - 750,000) Ordinary B Redeemable shares of £1.00 each	750,000	750,000
	<u>1,350,000</u>	<u>1,350,000</u>

The redeemable shares are redeemable at par at the option of the shareholder. Redeemable shares carry no voting rights, no rights to receive dividends and do not entitle the holder to receive repayment of capital in priority to the holders of other classes of shares.

On 19 December 2019, the redeemable period for the redeemable shares was extended by Special Resolution to 31 December 2020.

20. Reserves

Profit and loss account

The profit and loss account represents the accumulation of all historical profits and/or losses accumulated since the incorporation of the entity.

21. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	146,686	165,242
Later than 1 year and not later than 5 years	32,363	137,126
	<u>179,049</u>	<u>302,368</u>

During the course of the period, £233,056 (2018 - £209,380) of lease payments were expensed to the profit and loss account.

STOELZLE FLACONNAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Related party transactions

The only related party transactions entered into during the year were to other members within the group headed by CAG Holding GmbH. Transactions include sales to other group members as well as management and technical support charges and other similar charges from other group members.

23. Controlling party

The Company is a subsidiary undertaking of Stöelzle Oberglas GmbH, incorporated in Austria.

The largest group in which the results of the Company are consolidated is that headed by CAG Holding GmbH, incorporated in Austria. The consolidated financial statements of these groups are available to the public and may be obtained from:

Matthias Ertl
CAG Holding GmbH
Werkstraße 1
A-3182 Lilienfeld/Markt
Austria