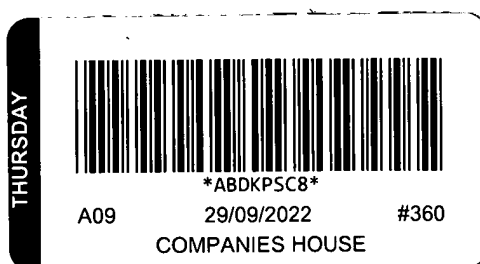




SPHERE CONSUMER PRODUCTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

Company Number 5217791



CONTENTS

	Page
Company Information	3
Strategic Report	4-6
Directors' Report	7-9
Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements	10
Independent Auditor's Report to the members of Sphere Consumer Products Ltd	11-14
Income Statement and Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Notes to the Financial Statements	18-34

Sphere Consumer Products Ltd

Company Number 5217791

COMPANY INFORMATION

Directors	JM Nony H Weston Smith K MacSweeney
Secretary	Thompson Smith & Puxon (Secretarial Services) Ltd Stable 6 Stable Road Colchester Essex CO2 7GL
Company number	5217791
Registered Office	Suite G04-7 Chadwick House Warrington Road Birchwood Warrington WA3 6AE
Auditor	Mazars LLP 90 Victoria Street Bristol BS1 6DP
Bank	National Westminster Bank Plc Knightsbridge PO Box 6037 186 Brompton Road London SW3 1XJ

STRATEGIC REPORT

The principal activity of Sphere Consumer Products Limited continues to be the distribution of food wraps, household waste bags and household packaging products.

BUSINESS REVIEW

The company ensured that the continued health and safety of its workforce was the key priority during the second year of the COVID -19 pandemic and was able to operate uninterrupted throughout the year.

Sales for 2021 were £37.2m (2020: £30.3m). Profit after taxation was £5,000 (2020 £584,000).

The company continued its commercial successes in traditional polyethylene and food wrap products, and saw significant customer growth and volume increases in innovative compostable products. The pandemic and national lockdowns in the first half of the year saw continued significant increases in demand for core consumer items.

Annual sales growth continued to be strong at +23% versus 2020, driven by growth with existing and new customers for high quality own label and branded products.

FUTURE PLANS

The company will continue to focus on growing sales with existing and new retail, professional and public sector customers for high quality own label and branded household products.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are considered to be competitive pressures, foreign currency risk and liquidity risk.

Competitive Pressures

The continuing import of cheaper finished goods from various regions of the world is a threat to margins in all areas of our business. Therefore, the Directors remain committed to running a lean organisation that offers and incorporates excellent customer service and that strongly believes in fair trading.

STRATEGIC REPORT (CONTINUED)

Foreign Currency Risk

The Company buys and sells goods denominated in currencies other than sterling and the Directors continue to monitor the fluctuations associated with global currency exchange rates closely. As a result, the value of the Company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by the movements in exchange rates in general and Euro rates in particular. In compliance with Treasury Policies, the Company may consider the use of forward currency contracts, to manage currency risks arising from the Company's operations.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Directors are confident that the Company's borrowing facilities, which are reviewed annually, and continue to operate on a 3-month rolling contract will continue to meet the needs of the business. Taking this into consideration, along with the Company's membership of the Group Cash Management arrangement, organised by the ultimate parent Company, Sphere S.A., the Directors believe that the Company is properly prepared to meet its continuing liquidity needs.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's key financial and other performance indicators during the year were as follows:

	2021	2020	Change
	£'000	£'000	
Turnover	37,286	30,297	+23%
Shareholders' funds	568	1,115	-49%
Operating profit	39	739	-95%
Average number of employees	8	7	+14%

STRATEGIC REPORT (CONTINUED)

FINANCIAL KEY PERFORMANCE INDICATORS (CONTINUED)

The increase in turnover is covered in the business review above.

The reduction in shareholders' funds is reflective of £552,000 dividend paid and an £5,000 net profit after tax.

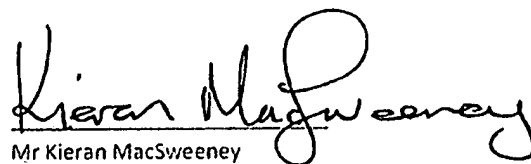
The reduction in Operating profit reflects the Increase in administration costs.

Employee number increase in the year reflects increased administration requirements.

TREASURY POLICIES

The objectives of the Company are to manage the Company's financial risk. Overdrafts are used to satisfy short-term cash flow requirements and resources may also be made available through intra-Group cash advances within Sphere Group. Other financial assets and liabilities such as debtors and trade creditors arise directly from the Company's operating activities.

By order of the board

A handwritten signature in black ink, appearing to read 'Kieran MacSweeney', is written over a horizontal line.

Mr Kieran MacSweeney
Managing Director

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The profit for the year 2021 after taxation amounted to £5,000 (2020 profit £584,000).

The Directors do not recommend a dividend for the period ended 31 December 2021 (2020: £552,000).

DIRECTORS

The Directors who held office during the year were as follows:

JM Nony
H Weston Smith
K MacSweeney

All Directors retire by rotation and, if being eligible, offer themselves for re-election.

Directors benefited from qualifying third party indemnity provision in place during the financial year.

Consistent with the Sphere Group Code of Ethics the following applies.

RELATIONS WITH EMPLOYEES

The Company has a formal recruitment policy and comprehensive employee handbook which contains information on issues such as working hours and grievances. The Company also has policies for dealing with gifts, hospitality, bribery, corruption, modern slavery, whistle-blowing, conflicts of interest and inside information.

RELATIONS WITH CUSTOMERS

The Company is committed to putting its customers at the heart of everything it does by providing safe, value for money, high quality products and developing and maintaining positive relationships. All employees are expected to behave respectfully and honestly in all their dealings with customers and the general public.

DIRECTORS' REPORT (CONTINUED)

RELATIONS WITH SUPPLIERS

The Company expects its suppliers to adhere to business principles consistent with the Company's own. Suppliers are expected to adopt and implement acceptable health and safety, environmental, product quality, labour, human rights, social and legal standards. The selection of new suppliers will continue to be subject to them meeting high international standards of compliance. Conformance to these standards is assessed by on-site audits at the supplier's premises. All suppliers are requested to complete pre-prepared compliance declarations.

The Company will either agree terms of payment with suppliers at the start of business or ensure that the supplier or contractor is aware of the Company's payment terms. Payment will be made in accordance with contractual or other legal obligations.

RELATIONS WITH THIRD PARTIES

The Company does not make political donations and charitable donations are made only where legal and ethical according to local law and practices

GOING CONCERN

The Directors' considerations in preparing these financial statements on a going concern basis are set out in note 1.2.

AUDITOR

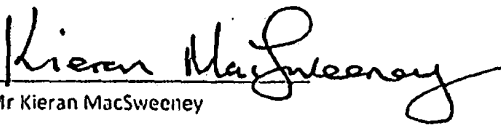
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Mazars LLP will therefore continue in office.

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITOR

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

By order of the board


Mr Kieran MacSweeney
Managing Director

Date 5/9/22

Suite G04-7 Chadwick House
Warrington Road
Birchwood
Warrington
WA3 6AE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Sphere Consumer Products Limited

Opinion

We have audited the financial statements of Sphere Consumer Products Limited (the 'company') for the year ended 31 December 2021 which comprise Income statement and Statement of Comprehensive Income, Statement of Financial Position and Statement of changes in equity and notes to the financial statements, 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 FRS 101 "Reduced Disclosure Framework" (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 2021 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditor's report to the members of Sphere Consumer Products Limited (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Sphere Consumer Products Limited (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

**Independent auditor's report to the members of Sphere Consumer Products
Limited (continued)**

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;



Jonathan Marchant (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

21 September 2022

Date

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	37,286	30,297
Cost of sales		(34,315)	(27,892)
Gross profit		2,971	2,406
Distribution costs		(1,327)	(589)
Administrative expenses		(1,605)	(1,078)
Other operating income		-	-
Operating profit	4	39	739
Interest payable and similar expenses	8	(32)	(24)
Profit before taxation		7	715
Taxation	9	(2)	(131)
Profit for the financial year		5	584

All of the results for the current and previous year have arisen from continuing operations.

The notes on pages 18 to 34 form an integral part of the financial statements

OTHER COMPREHENSIVE INCOME
for year ended 31 December 2021

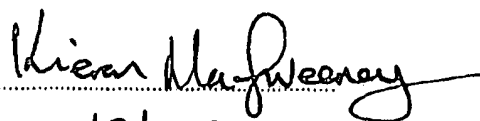
	2021 £'000	2020 £'000
Profit for the financial year	5	584
Other Comprehensive Income	-	-
Total Comprehensive income for the year	5	584

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	10	34	46
Current assets			
Stocks	11	2,150	2,085
Debtors	12	6,658	5,468
Cash at bank and in hand	13	677	622
		<u>9,485</u>	<u>8,175</u>
Creditors: amounts falling due within one year	14	<u>(8,951)</u>	<u>(7,106)</u>
Net current assets		<u>534</u>	<u>1,069</u>
Net assets		<u>568</u>	<u>1,115</u>
Capital and reserves			
Share capital	17	300	300
Profit and Loss account		268	815
Shareholders' funds		<u>568</u>	<u>1,115</u>

The notes on pages 18 to 34 form an integral part of the financial statements

These financial statements were approved by the Board of Directors on _____ and were signed on its behalf by:


 Date 5/9/22

Mr Kieran MacSweeney
 Managing Director
 Company Number 5217791

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Share Capital	Profit and Loss account	Total equity
	£'000	£'000	£'000
Balance at 1 January 2020	300	331	631
Total comprehensive income for the period	-	584	584
Dividends	-	(100)	(100)
Balance at 1 January 2021	300	815	1,115
Total comprehensive income for the period	-	5	5
Dividends	-	(552)	(552)
Balance as at 31 December 2021	300	268	568

The notes on pages 18 to 34 form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

1 ACCOUNTING POLICIES**1.1 Authorisation of financial Statements and statement of compliance with FRS101**

Sphere Consumer Products Limited (the "Company") is a Company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 5217791 and the registered address is Suite G04-7, Chadwick House, Birchwood Park, Birchwood, WA3 6AE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The presentation currency of these financial statements is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Sphere S.A. includes the Company in its consolidated financial statements.

The consolidated financial statements of Sphere S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Greffe du Tribunal de Commerce de Paris, 1 quai de la Corse, 75198, Paris cedex 04.

Standards, Amendments and interpretations adopted in the current financial year ended 31 December 2021

The Company adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018. In accordance with the transition provisions within IFRS 15 the new rules have been adopted retrospectively. The accounting policies for the Company's main types of revenue are explained in Note 2.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Comparative period reconciliations for share capital and tangible assets;
- Disclosures in respect of capital management;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Sphere SA include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement, IFRS 15 Revenue from Contracts with Customers and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

The financial statements are prepared on the historical cost basis, except for derivative financial instruments which are stated at their fair value.

1.2 Going Concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

The Company has developed its relationships with a range of customers, leveraging off product innovation, within the context of the Sphere Group's exciting unique position in compostable plastics. With plenty of opportunities to pursue in 2022 and a growing order book, the Directors believe that the Company is well placed to manage its business risks. Net assets are deemed to be fully recoverable and the Company has adequate resources to continue trading successfully.

The Directors have given consideration to other topics such as inflation, current electricity increases and the ongoing global situation.

Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Cash Flow Statement

The Directors have taken advantage of the exemption given under FRS101 in that these accounts do not include a cash flow statement because the Company is a wholly owned subsidiary of Sphere SA, whose financial statements include a Group cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021**

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its expected useful life, as follows:

Fixtures & equipment 1-3 years

Motor vehicles 4 years

Carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 Leasing

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use on an asset, the Company assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use. Considering its rights within the defined scope of the contract, the Company has the right to direct the use of the identified asset throughout the period of use; and
- the Company has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, and lease payments made at or before the commencement date net of any lease incentives received.

Right-of-use assets are depreciated on a straight-line bases over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected to account for short term leases and leases of low value assets by recognising them as an expense in the Income Statement on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021**

1.5 Leasing (continued)

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonable certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The Carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to the income statement if the carrying amount of the right-of-use asset is fully written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is a reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or a significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021**

1.6 Stock and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.7 Employee benefits*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021**

1.9 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. All differences are taken to profit and loss account.

At the balance sheet date the Company had entered into foreign currency contracts to buy Dollars and Euros with a total sterling equivalent £1.1m (2020: £2.2m).

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are made on the basis of the best estimate of the cost of settling the obligation on the balance sheet date.

1.11 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.12 Expenses*Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance leases recognised in profit or loss using the effective interest method, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021**

1.12 Expenses (continued)

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Interest payable includes the assessment of accrued interest for right-of-use assets recognised under IFRS16.

1.13 Impairment excluding stocks, and deferred tax assets*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

2. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amounts can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. Revenue and the receivable is recognised when significant risks and rewards of ownership of the goods have passed to the customer, usually on delivery of the goods as this is the point in time that the consideration due from a customer is unconditional.

3. TURNOVER

Sale of goods

	2021	2020
	£'000	£'000
Geographical		
U.K. Sales	35,084	27,297
E.U. Sales	2,193	2,979
Non E.U. Sales	9	21
	<u>37,286</u>	<u>30,297</u>

Sale of goods

	2021	2020
	£'000	£'000
Product type		
Rewinding	19,921	18,957
Bags	17,365	11,340
	<u>37,286</u>	<u>30,297</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

4. EXPENSES AND AUDITOR'S REMUNERATION

Included in the Profit are the following:

	2021	2020
	£'000	£'000
Depreciation of tangible assets	20	18
Loss on foreign currency exchange transactions	5	3

Auditor's remuneration

	2021	2020
	£'000	£'000
Audit of these financial statements	14	10

5. STAFF NUMBER AND COSTS

The average monthly number of employees, including Directors, during the year was made up as follows:

	2021	2020
	Number	Number
Office and Management	8	7
	8	7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

5. STAFF NUMBER AND COSTS (CONTINUED)

The aggregate payroll costs in respect of these persons were as follows:

	2021	2020
	£'000	£'000
Wages and Salaries	483	460
Social Security Costs	64	58
Staff Pension Contributions	29	28
	<u>576</u>	<u>546</u>

6. EMPLOYEE BENEFITS**Defined contribution plans**

The Company contributes to a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £29,000 (2020: £28,000)

7. DIRECTORS' REMUNERATION

	2021	2020
	£'000	£'000
Directors' Remuneration	226	210
Company contributions to money purchase pension plan	21	18
	<u>247</u>	<u>228</u>

The aggregate remuneration of the highest paid Director was £226,000 (2020: £210,000), and Company pension contributions of £21,000 (2020: £18,000) were made to a money purchase scheme on their behalf.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021****7. DIRECTORS' REMUNERATION (CONTINUED)**

Pension contributions were made to the following number of Directors under:

	2021	2020
Money purchase scheme	1	1

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Amounts payable to Group undertakings	-	2
Total interest expense on financial liabilities	32	22
	32	24

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

9. TAXATION

Recognised in the profit and loss account

	2021	2020
	£'000	£'000
Current tax on income for the period	-	-
UK Group relief receivable	-	-
Total current tax	-	-
Deferred tax	2	131
Originating and reversal of temporary differences	-	-
Total deferred tax	2	131
Tax on profit	2	131

Reconciliation of effective tax rate

	2021	2020
	£'000	£'000
Profit for the year	7	715
Tax using the standard rate of corporation tax in the UK of 19% (2020: 19%)	2	131
<u>Effect of</u>		
Disallowed expenses and non-taxable income	-	-
Tax losses utilised/carried forward	(2)	(131)
	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

9. TAXATION (CONTINUED)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Under FRS 102 deferred tax must be measured using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date, and that are expected to apply to the reversal of the timing difference. For revalued non-depreciable assets and investment properties, this is the rate expected to apply to the sale of the asset). Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted. This means that the 25% main rate of corporation tax and marginal relief will be relevant for any asset sales or timing differences expected to reverse on or after 1 April 2023.

10. TANGIBLE FIXED ASSETS

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost:			
At 1 January 2021	46	68	114
Additions	8	-	8
Disposals	(31)	-	(31)
At 31 December 2021	23	68	91
Depreciation:			
At 1 January 2021	38	30	68
Charge for year	4	16	20
On disposals	(31)	-	(31)
At 31 December 2021	11	46	57
Net Book Value:			
At 31 December 2021	12	22	34
At 31 December 2020	8	38	46

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021****11. STOCKS AND WORK IN PROGRESS**

	2021	2020
	£'000	£'000
Finished goods	2,150	2,085
	<u>2,150</u>	<u>2,085</u>

Finished goods recognised as cost of sales in the year amounted to £34.0m (2020: £28.0m). The write-down of stocks to net realisable value amounted to £Nil (2020: £Nil).

12. DEBTORS

	2021	2020
	£'000	£'000
Trade debtors	6,370	4,552
Amounts owed by Group undertakings	40	5
Deferred tax asset	95	97
Prepayments and accrued income	153	814
	<u>6,658</u>	<u>5,468</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

13. CASH AND CASH EQUIVALENTS

	2021	2020
	£'000	£'000
Cash at bank and in hand	<u>677</u>	<u>622</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Bank overdraft (See note 15)	(789)	(185)
Trade creditors	447	657
Amounts owed to Group undertakings	5,577	5,263
Other taxes and social security costs	1,756	1,276
Accruals and deferred income	<u>1,960</u>	<u>95</u>
	<u>8,951</u>	<u>7,106</u>

15. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021	2020
	£'000	£'000
Bank overdraft	<u>(789)</u>	<u>(185)</u>

The bank overdraft is secured on the Company's trade debtors. Details of which are given in the strategic report under Liquidity Risk. At the year end the Company was in a cash positive position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**for the year ended 31 December 2021****16. DEFERRED TAXATION**

At 31 December 2021 deferred tax amounted to £95,000 (2020: £97,000)

Deferred tax assets amounts of £95,000 have been recognised on the grounds that there is sufficient evidence that there will be taxable profits against which the loss carried forward can be utilised.

The movement in Deferred Tax has been recognised as a charge through the Income Statement.

17. SHARE CAPITAL

	2021	2020
	£'000	£'000
Shares classified as equity		
Allotted and fully paid		
300,000 (2020: 300,000) ordinary shares of £1 each	300	300

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18. FINANCIAL COMMITMENTS

No outstanding financial or capital commitments exist at year end (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

19. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The Company is a subsidiary undertaking of Sphere Consolidated Holdings UK Limited which is the ultimate parent Company incorporated in England and Wales.

The ultimate controlling party is Sphere SA, a Company incorporated in France.

The Company financial statements of Sphere Consolidated Holdings UK Limited and consolidated financial statements of Sphere SA are available to the public and may be obtained from the registered address at:

Sphere Consolidated Holdings UK Limited

Thompson Smith & Puxon (Secretarial Services) Limited, Stable 6, Stable Road, Colchester, Essex, CO2 7GL

Sphere SA

Greffe du Tribunal de Commerce de Paris, 1 quai de la Corse, 75198, Paris, cedex 04
France

20. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions available under FRS 101 in respect of the requirements to disclose transactions within the wholly owned Group companies on the grounds that consolidated financial statements are prepared by the ultimate parent Company.

21. JUDGEMENTS AND ESTIMATES

Continued profitability and 2022 outlook lead to the continued recognition of a deferred tax asset at 31 December 2021.

The Directors have reviewed the trade debtors outstanding at the balance sheet date and confirmed they have no concerns over the recoverability of the debtors and any that have a recoverability concern they have ensured a prudent provision has been put in place.