

**Company Registration Number: 06366267**

**CANPACK UK Limited**

**Annual report and financial statements**

**for the year ended 31 December 2022**

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# **CANPACK UK Limited**

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# **CANPACK UK Limited**

## **Officers and Professional Advisers**

### **Directors**

P Fisher  
G Beard  
M Page

### **Secretary**

P Fisher

### **Registered office**

Plot 18  
Holyrood Drive  
Skippingdale Industrial Estate  
Scunthorpe  
North Lincolnshire  
England  
DN15 8NN

### **Bankers**

HSBC  
84 High Street  
Scunthorpe  
North Lincolnshire  
DN15 6HQ

### **Solicitors**

Wilkin Chapman  
Cartergate House,  
26 Chantry Lane,  
Grimsby  
North East Lincolnshire  
DN31 2LJ

### **Auditor**

Deloitte LLP  
1 City Square  
Leeds  
LS1 2AL  
United Kingdom

# CANPACK UK Limited

## Strategic Report

### Principal activity and review of the business

The Company is a wholly owned subsidiary of CanPack SA, a Company registered in Poland, and its principal activity is the manufacture of aluminium beverage cans.

Sales volume of finished goods has decreased but due to the increase in aluminium prices being passed through to customers the revenue has increased in 2022: £153,560,048 (2021: £135,977,035).

The decrease in receivables from £46,389,888 to £42,286,069 is driven by an decrease in intercompany receivables by £3,184,860 which is due to timing of sales and receipts. A further impact on this is the change of derivatives from an asset to a liability due to the large increase in aluminium LME. There has been an overall £6,769,439 increase in payables; external payables have increased by £4,470,906, this is mainly due to increased purchases of raw materials from external suppliers. Related payables have increased by £3,259,083 due to timings of payments. Inventory has increased by £11,073,138, this is due to an increase in raw materials costs and inventory levels as well as goods for resale inventory.

### Key performance indicators

The performance for the year together with comparative data is set out in the table below:

	2022	2021	Definition, method of calculation and analysis
Gross profit (%)	12.8%	16.6%	The ratio of gross profit to sales expressed as a percentage.
Return on sales (%)	(2.6%)	1.9%	Operating profit expressed as a percentage of sales.
Return on capital employed (%)	(6.4%)	3.9%	Operating profit expressed as a percentage of net assets.
Cash generated from operations	(£2.30m)	£3.86m	Cash generated from operating activities

The above KPI's have been chosen as they represent a good snapshot of the company's performance in terms of profitability and liquidity. The decrease in gross profit has been caused by a reduced overall finished goods, resale can and can end margin and offset partly by gains on aluminium scrap sales in 2022. Closer control of direct overheads has helped to alleviate any further large changes in the margin and we are actively working with customers to renegotiate agreements in order to pass on increased costs.

The return on sales decrease feeds through from the gross profit, the Company continues to focus on overhead controls to limit their impact.

The return on capital employed has decreased mainly due to the lower profitability during 2022.

The cash generated from operations movement is caused by the net movement of inventory, receivables and payables throughout 2022.

### Principal risks and uncertainties

The UK market is competitive and, because of the high cost of entry into the UK market with respect to manufacturing facilities, is very dependent upon sales volume. The principal risk is therefore loss of sufficient sales volume to run a profitable business. In order to mitigate this risk, the Company maintains a constant focus on quality levels, customer service and stringent cost management in order to provide our customers with a high quality product at a competitive price. This approach is one of the key pillars of our Company strategy.

# CANPACK UK Limited

## Strategic Report

### Principal risks and uncertainties (continued)

During 2021 driven by the reopening of the global economy, the company experienced steadily rising costs, particularly in relation to its raw materials and energy, as well as challenges around ensuring the uninterrupted supply of these raw materials. During 2022 this was exacerbated by Russia's invasion of Ukraine particularly in relation to energy costs. We have actively worked with our existing suppliers as well as sourced new suppliers in order to ensure uninterrupted supply.

The cost of living situation as a result of the factors above has been and will continue to be a challenge, however we believe over the long term, if anything, this will reinforce consumer habits of drinking at home rather than on premises, as started by the Covid pandemic. Therefore we believe over the long term this will support healthy volumes which will hopefully allow the company to get back to profitability in spite of what we expect to be the new norm in terms of raw materials and energy costs.

Cash flow risk is limited because the Company, through its parent holding company, has access to long-term group borrowings which finance the business. Additionally, as mentioned above we are working with customers to pass on the increased costs to ensure margin stability. The operation of CanPack UK Limited within the UK market is a long-term, strategic investment by the CanPack SA Group (Group) and, as long as performance is in line with long term plans, this financing will remain available.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The credit risk for liquid funds is not considered significant, since the counterparty is a high street bank with a high quality external credit rating. For the other financial assets, the Company's policy is to only deal with creditworthy counterparties. All debts are closely controlled and monitored by management.

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters by directors.

### Section 172(1) Statement

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2019), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172.

The Board always aims to act in the best interests of the Company, and to be fair and balanced in its approach. The needs of different stakeholders are always considered as well as the consequences of any decision in the long-term and the importance of our internally published high standards of business conduct. More specific information is given in sub-paragraphs (a) to (f), which correspond to the individual factors disclosed under Section 172(1).

#### *a. Long-term decision making*

The Board delegates day-to-day management and decision making to its senior management team, but it maintains oversight of the Company's performance, and reserves to itself specific matters for approval. In addition to this, any major decisions with long-term implications, including significant new business initiatives, would need shareholder approval under the Company Articles of Association, to ensure that the business decisions taken locally are in alignment with the long-term strategy of the Group. Any decisions approved either locally or by the Shareholders, are then implemented, with subsequent Board oversight to ensure management act in accordance with the agreed strategy. Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Company's long-term success, including management KPIs, Enterprise Risk Management policy, and a robust suite of internal controls, all underpinned by internal audit.

#### *b. Stakeholders: Employees*

Our people are essential to our success, future growth, and our aim to build leading positions in our long-term markets. We continue to invest substantial time and effort to employ, train, develop and retain employees who are passionate about our business and have up-to-date knowledge and world class expertise in our key functional areas. Hearing their views on what we do well, and what we can do better, is an important driver for improvement and retaining our best talent. With this in mind, we hold monthly Works Council meetings with employee representatives.

# CANPACK UK Limited

## Strategic Report

spanning the whole business, in order to give employees a forum for thoughts, ideas, feedback and suggestions. This also serves a dual purpose of the company communicating business updates with the workforce, including sales

### Section 172(1) Statement (continued)

updates, operational updates, health and safety, human resources and financial updates. In addition, we publish regular internal newsletters to ensure they are kept informed of business progress and developments, and maintain a fund to finance employee social engagements outside of the workplace, in order to further strengthen cooperation and teamwork across the workforce.

#### *c. Stakeholders: Customers, Suppliers, Others*

We aim to be fair and ethical in dealings with all our external stakeholders, including our suppliers, customers and other business partners, in line with our published Code of Conduct. We endeavour to pay suppliers to agreed terms and be a collaborative and responsive partner, and suppliers undergo regular audits from our representatives to ensure we hold those companies we deal with to the highest standards of stewardship. With customers, our goal is to act as partners in order to understand their needs and collaborate effectively in order to provide the products and service they need in order to succeed. Each customer has a sales manager, backed by a dedicated sales administration team in order to facilitate this relationship and ensure the smooth operation day-to-day, whilst we also open ourselves up to customer audits to ensure our own internal processes and policies continue to meet their high standards. The local sales team report to the Board with regular KPIs and customer visit reports, and these assist in maintaining and developing our understanding of current customer and market trends, issues and likely future needs, and how these can be addressed.

#### *d. Stakeholders: Community & Environment*

Contributing positively to our local and global communities and environments is a responsibility and an opportunity, and we believe strongly that our product, being manufactured from a material which is infinitely recyclable, is a sustainable and environmentally friendly product which supports this. We undergo numerous audits each year to support our accreditations in areas of Energy and Environmental and ensure we maintain the highest standards of environmental management, and we support various trade bodies, through which we can continue to support our industry and influence policy makers to ensure decisions are taken which address environmental concerns responsibly. In addition, we set aside funds each year to make donations to local worthy causes.

#### *e. Reputation for high standards of business conduct*

The Board is responsible for developing the Group corporate culture across the Company, which promotes integrity and transparency. The Group has established comprehensive systems of corporate governance, and approves policies and procedures which promote corporate responsibility and ethical behaviour, and these are implemented within the Company. Central to these policies is the Group's Code of Conduct. This applies to all Directors and employees, and is embedded into the Company's operations. All employees have received these policies and received full training, to ensure they understand the principles and objectives.

#### *f. Acting fairly as between members of the Company*

The Board aims to understand the views of its sole shareholder and always to act in their best interests. In order to do this, the Board works closely with the shareholder on a daily basis to ensure operations, strategy and performance are aligned with the long-term objectives of the shareholder, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.

### Future developments

The directors expect the general level of activity to increase in the forthcoming year. In the short term we have a focus on meeting all our obligations with partners whilst keeping our employees safe and healthy. In the longer term the impact of the ongoing inflationary environment along with continued supply chain challenges, both of which have been exacerbated by the ongoing conflict in Ukraine, will require continued close co-operation with both key suppliers and customers in order to successfully navigate.

# **CANPACK UK Limited**

## **Strategic Report**

Approved by the Board of Directors and signed on behalf of the Board



G Beard  
Director

5th July 2023

# **CANPACK UK Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

### **Financial Risk**

The financial risks to which CanPack UK Limited are exposed are discussed in the strategic report above, there is also some detailed analysis in note 25.

### **Results and proposed dividends**

The results for the year are dealt with in the income statement on page 14. The loss for the year of £2,908,284 (2021 profit: £1,049,995) has been taken to reserves.

The net assets of the company have decreased to £62,898,039 (2021: £67,330,233) mainly due to the net impact of the movement on receivables, cash and payables in 2022.

The directors do not recommend the payment of a dividend (2021: £nil).

### **Future developments**

The Company's business activities, together with expected future developments and performance, are set out in the Strategic Report. Note 25 of these financial statements includes the Company's objectives, policies and processes for managing its capital, along with its exposure to credit risk, liquidity risk and foreign exchange risk.

### **Post balance sheet events**

There are no adjusting post balance sheet events.

### **Research and Development**

CanPack UK Limited has not undertaken any research and development during 2022 (2021: £Nil).

### **Political contributions**

It is the Company's policy not to make contributions for political purposes.

### **Going concern**

The Company has sufficient financial resources, together with long term contracts with the majority of its customers, to continue as a going concern for the foreseeable future. 2022 was a weaker year than expected in terms of sales volumes, however, the current forecast for 2023 show a return to 2021 volume levels. The Company forecasts are produced each month and include all of the latest information on customer demand and wider economic conditions. As these forecasted sales are part of contracted volumes with customers we expect no significant deviations from these forecasts. In terms of costs we are actively working with customers to renegotiate agreements in order to pass on increased costs. A large portion of aluminium cost is already passed through. The Company is also exposed to energy prices as a result of the energy intensive nature of the production process. These energy costs have increased significantly but all energy requirements are locked in for the year for 2023 at below budget and financial forecasts are still stable. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In relation to companies in our supply chain we obviously do not directly control their operations, we are currently carrying higher than normal levels of raw materials as a result of our efforts in 2022 to mitigate the risks of a supply side shock due to ongoing global supply chain issues, however, we are now beginning to reduce these stock levels to normal levels as we assess the supply chain environment to be currently more stable.

After making enquiries and producing detailed cash flow projections based upon contracted sales, as well as reviewing the financial position of the Company, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in



# **CANPACK UK Limited**

## **Directors' report**

### **Going concern (continued)**

operational existence for the foreseeable future. With access to cash of £3.1m at the year end and the availability of a £15m revolving credit facility the company has financial headroom of £18.1m. Given the facilities available we have sufficient cash to cover fixed costs for at least 12 months. For this reason the directors adopted the going concern basis in preparing the financial statements.

### **Directors**

The directors who served during the year (except as noted) were as follows:

P Fisher

G Beard

M B Burkinshaw (Resigned 6 May 2022)

M Page (Appointed 11 February 2022)

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Employee Engagement**

Please refer to the section 172 statement in the strategic report.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Energy and Emissions report**

During 2022 we began a project for new capacitor banks with harmonic filtering which will increase energy efficiency and automated conveyor systems which will automatically lower speeds during micro stops and stop them after a minute of non-use. The tables below show the energy consumed as a consequence of our UK operations;

## CANPACK UK Limited

### Directors' report

#### Energy and Emissions report (continued)

		2022			
Fuel Type	Unit	Consumption	Conversion Factor (kg)	CO2 (Tonnes)	Intensity ratio (tonne/mln cans)
Electricity	Kwh	27,661,600	0.19121	5,289.17	2.95
Gas	Kwh	27,881,306	0.18219	5,079.70	2.84
FLT (LPG)	litres	6,833	1.55491	10.62	0.01

		2021			
Fuel Type	Unit	Consumption	Conversion Factor (kg)	CO2 (Tonnes)	Intensity ratio (tonne/mln cans)
Electricity	Kwh	28,602,200	0.21016	6,011.04	3.09
Gas	Kwh	30,166,975	0.18282	5,515.13	2.84
FLT (LPG)	litres	7,381	1.55491	11.48	0.01

UK energy use covers production line activity at our site in Scunthorpe along with related warehousing activities.

Associated Greenhouse gases have been calculated using conversion factors published by the Department for Business, Energy & Industrial Strategy, which have been calculated in accordance with GHG Reporting Protocol – Corporate Standard. The consumption figures represent actual figures taken from meter readings.

#### Statement on Business Relationships

Please refer to the section 172 statement in the strategic report.

#### Disclosure of information to auditor

In the case of each of the persons who are directors of the Company at the date when this report was approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### Auditor

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Board Meeting.

## **CANPACK UK Limited**

### **Directors' report**

Approved by the Board of Directors  
and signed on behalf of the Board



G Beard  
Director

5th July 2023

## **CANPACK UK Limited**

### **Directors' responsibilities statement**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report to the members of CANPACK UK Limited**

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

### **Opinion**

In our opinion the financial statements of CanPack UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

### **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 Financial Reporting Council's (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.

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

## **Independent auditor's report to the members of CANPACK UK Limited**

### **Other information (continued)**

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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 these financial statements.

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Revenue recognition – occurrence of revenue. The company earns revenue through the sale of cans to its customers. It was therefore identified that the greatest risk of fraud was the recording of revenue for fictitious transactions. We have performed substantive testing over revenue balance by selecting samples from stratified

## **Independent auditor's report to the members of CANPACK UK Limited**

population, aimed at identifying potential fictitious transactions to revenue, and agreeing the selected samples to the invoice, delivery note and bank statement. We also reviewed manual adjustments to revenue for potentially fraudulent reversals.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **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.

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 any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **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.

**Independent auditor's report to the members of CANPACK UK Limited**

*M. L. Lewis*

Mark Lewis ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

5 July 2023



## CANPACK UK Limited

### Income Statement

For the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	4	153,560,048	135,977,035
Cost of sales		(133,945,492)	(113,431,907)
<b>Gross profit</b>		<b>19,614,556</b>	<b>22,545,128</b>
Distribution costs		(11,166,711)	(8,571,636)
Administrative expenses		(12,497,840)	(11,350,857)
<b>Operating (loss)/profit</b>		<b>(4,049,995)</b>	<b>2,622,635</b>
Finance income	7	285,998	45,968
<b>(Loss)/profit before taxation</b>	8	<b>(3,763,997)</b>	<b>2,668,603</b>
Tax (credit)/expense	8	855,713	(1,618,608)
<b>(Loss)/profit attributable to the equity holders of the company</b>		<b>(2,908,284)</b>	<b>1,049,995</b>

All amounts relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

### Statement of comprehensive income

For the year ended 31 December 2022

	2022 £	2021 £
<b>(Loss)/profit for the year</b>	<b>(2,908,284)</b>	<b>1,049,995</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
<i>Cash flow hedges:</i>		
(Loss)/Gains arising during the year (note 24)	(1,870,347)	1,110,960
Deferred tax charge on cash flow hedges	346,437	(211,082)
<b>Total other comprehensive (loss)/income</b>	<b>(1,523,910)</b>	<b>899,878</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(4,432,194)</b>	<b>1,949,873</b>

# CANPACK UK Limited

## Balance sheet

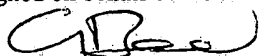
As at 31 December 2022

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	10	352,156	333,823
Property, plant and equipment	11	41,483,812	43,693,353
Right of use assets	13	4,556,016	4,626,609
Trade and other receivables	14	-	63,468
Deferred tax asset	18	2,138,592	718,643
		<u>48,530,576</u>	<u>49,435,896</u>
<b>Current assets</b>			
Inventories	12	22,349,277	11,276,139
Trade and other receivables	14	42,286,069	46,389,888
Cash and cash equivalents	15	3,073,470	6,473,943
		<u>67,708,816</u>	<u>64,139,970</u>
<b>Total assets</b>		<u>116,239,392</u>	<u>113,575,866</u>
<b>Current liabilities</b>			
Trade and other payables	16	(42,790,372)	(36,020,933)
Lease liabilities	17	(17,143)	(26,873)
		<u>24,901,301</u>	<u>28,092,164</u>
<b>Net current assets</b>			
		<u>24,901,301</u>	<u>28,092,164</u>
<b>Non-current liabilities</b>			
Lease liabilities	17	(4,631,809)	(4,648,952)
Deferred tax liability	18	(5,902,029)	(5,548,875)
		<u>(53,341,353)</u>	<u>(46,245,633)</u>
<b>Total liabilities</b>		<u>(53,341,353)</u>	<u>(46,245,633)</u>
<b>Net assets</b>		<u>62,898,039</u>	<u>67,330,233</u>
<b>Equity</b>			
Share capital	20	52,350,000	52,350,000
Retained earnings		11,087,344	13,995,628
Hedging reserve	24	(539,305)	984,605
		<u>62,898,039</u>	<u>67,330,233</u>
<b>Total equity</b>		<u>62,898,039</u>	<u>67,330,233</u>

The accompanying notes form an integral part of these financial statements.

The financial statements of CanPack UK Limited (company registration number 06366267) were approved by the Board of Directors and authorised for issue on 5<sup>th</sup> July 2023.

Signed on behalf of the Board of Directors



G Beard

Director

## CANPACK UK Limited

### Statement of changes in equity For the year ended 31 December 2022

	Share capital £	Hedging reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2021</b>	52,350,000	84,727	12,945,633	65,380,360
Profit for the year	-	-	1,049,995	1,049,995
Other comprehensive income for the year: hedging reserve	-	1,110,960	-	1,110,960
Other comprehensive income for the year: deferred tax		(211,082)		(211,082)
<b>Total comprehensive income for the year</b>	-	984,605	1,049,995	1,949,873
<b>Balance at 31 December 2021</b>	52,350,000	1,195,687	13,995,628	67,330,233
Loss for the year	-	-	(2,908,284)	(2,908,284)
Other comprehensive income for the year: hedging reserve	-	(1,870,347)	-	(1,870,347)
Other comprehensive income for the year: deferred tax	-	346,437	-	346,437
<b>Total comprehensive expense for the year</b>	-	(1,523,910)	(2,908,284)	(4,432,194)
<b>Balance at 31 December 2022</b>	52,350,000	(539,305)	11,087,344	62,898,039

The accompanying notes are an integral part of these financial statements.

## CANPACK UK Limited

### Cash flow statement For the year ended 31 December 2022

	Note	2022 £	2021 £
Net cash (used in)/generated from operating activities	26	(2,510,767)	3,697,621
Net cash used in investing activities	26	(1,073,947)	(1,808,426)
Net cash used in financing activities	26	(26,873)	(121,448)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,611,587)</b>	<b>1,767,747</b>
Cash and cash equivalents at beginning of financial year		6,473,943	4,809,676
Effect of foreign exchange rate changes		211,114	(103,480)
<b>Cash and cash equivalents at end of financial year</b>		<b>3,073,470</b>	<b>6,473,943</b>

The accompanying notes are an integral part of these financial statements.

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 1. General information

CanPack UK Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

These financial statements are presented in pounds sterling because that is the functional currency of the primary economic environment in which the Company operates. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

#### Adoption of new and revised standards

These are the standards issued and effective in the current year:

- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle, amendments to:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IAS 41 Agriculture

The accounting policies have been applied consistently for the purpose of the Financial Statements. There is no impact from the adoption of these amendments.

#### *New and revised IFRS/IAS Standards in issue but not yet effective:*

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17);
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of liabilities as current or non-current;
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a single transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

### 2. Significant accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards.

The financial statements have been prepared on the historical cost basis except for the financial instrument that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The principal accounting policies adopted are set out below.

## **CANPACK UK Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **Going concern**

The Company has sufficient financial resources, together with long term contracts with the majority of its customers, to continue as a going concern for the foreseeable future. 2022 was a weaker year than expected in terms of sales volumes, however, the current forecast for 2023 show a return to 2021 volume levels. Our forecasts are produced each month and include all of the latest information on customer demand and wider economic conditions. As these forecasted sales are part of contracted volumes with customers we expect no significant deviations from these forecasts. In terms of costs we are actively working with customers to renegotiate agreements in order to pass on increased costs. A large portion of aluminium cost is already passed through. The Company is also exposed to energy prices as a result of the energy intensive nature of the production process. These energy costs have increased significantly but all energy requirements are locked in for the year for 2023 at below budget and financial forecasts are still stable. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In relation to companies in our supply chain we obviously do not directly control their operations, we are currently carrying higher than normal levels of raw materials as a result of our efforts in 2022 to mitigate the risks of a supply side shock due to ongoing global supply chain issues, however, we are now beginning to reduce these stock levels to normal levels as we assess the supply chain environment to be currently more stable.

After making enquiries and producing detailed cash flow projections based upon contracted sales, as well as reviewing the financial position of the Company, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. With access to cash of £3.1m at the year end and the availability of a £15m revolving credit facility the company has financial headroom of £18.1m. Given the facilities available we have sufficient cash to cover fixed costs for at least 12 months. For this reason the directors adopted the going concern basis in preparing the financial statements.

#### **Intangible assets**

Intangible assets include computer software and is stated at cost net of amortisation. Amortisation is recognised on a straight-line basis over their estimated useful lives, as follows:

Computer software	3 years
-------------------	---------

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### **Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

# **CANPACK UK Limited**

## **Notes to the financial statements For the year ended 31 December 2022**

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### **Property, plant, equipment and assets under construction**

Property, plant and equipment are stated at cost net of accumulated depreciation. Assets under construction are held at cost value until the project is complete and are available for use, once in use they are reclassified and the depreciation rates below are used.

Depreciation is provided at rates calculated to write off the cost, less the estimated residual value of each asset using straight-line method, over its estimated useful life as follows:

Buildings	25 years straight line
Production line (under Plant & Equipment)	Units of production method
Office equipment and Plant & Equipment	3 years straight line

Freehold land is not depreciated.

### **Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial asset' policy.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly

# **CANPACK UK Limited**

## **Notes to the financial statements For the year ended 31 December 2022**

### **Financial instruments (continued)**

attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

#### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, after analysis it was deemed that the impact of this would not be material for 2022. ,

#### **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities, that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

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

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



## **CANPACK UK Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

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

##### **Financial instruments (continued)**

###### Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to aluminium price risks.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

###### Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of aluminium price risk in cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

###### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "finance income/costs" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to income statement.

# **CANPACK UK Limited**

## **Notes to the financial statements For the year ended 31 December 2022**

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

#### **Cash flow hedge (continued)**

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to income statement.

#### **Revenue**

All revenue relates to the principal activities described in the accompanying Strategic Report. Revenue is measured at the fair value of the consideration received or receivable and represents amounts for goods and services receivable provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. Due to the fact our finished goods inventory is deemed to be customised in nature as a result of the binding sales agreements with customers, we have recognized 100% of our Finished Goods inventory as revenue (2021: 100%) in line with IFRS 15. In relation to returns as all of our products are manufactured under customer approval, only quality related returns are accepted. These would be the subject of an investigation by our QC team and only after their acceptance would a credit note be issued.

#### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Unless the effect of discounting is material, deferred tax is measured on a non-discounted basis.

#### **Foreign currencies**

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All differences are taken to the income statement.

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgments in applying the company's accounting policies

The following are the key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The directors do not believe there are any critical accounting judgements.

#### Inventory provisions

All stock of raw materials, goods for resale and finished products have been counted and the condition assessed as part of the year end stock take procedures. All stock has been assessed and the directors consider it necessary to make a provision against the value of those stocks totalling £603,271 (2021: £1,379,756). These provisions are estimates and were made due to ageing £510,465 (2021: £878,990), NRV £89,720 (2021: £271,884) and risk of obsolescence £3,086 (2021: £228,882). No other provisions have been made. The carrying amount of inventory is £22,349,280 (2021: £11,276,139).

### 4. Revenue

The turnover and profit before taxation are attributable to the manufacture and sale of aluminium beverage cans. An analysis of the company's revenue is as follows:

	2022 £	2021 £
UK	94,598,724	89,751,971
Rest of Europe	58,961,324	46,225,064
	<u>153,560,048</u>	<u>135,977,035</u>

### 5. Information regarding directors and employees

	2022 No.	2021 No.
<b>Average monthly number of persons employed (including directors)</b>		
Directors	3	3
Production and operational	229	226
Sales and administration	28	27
	<u>260</u>	<u>256</u>
	2022 £	2021 £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	10,815,560	10,460,127
Social security costs	1,165,731	1,062,200
Pension costs	420,348	393,293
	<u>12,401,639</u>	<u>11,915,620</u>

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 5. Information regarding directors and employees (continued)

	2022 £	2021 £
<b>Directors' remuneration</b>		
Emoluments (excluding pension contributions)	478,008	446,603
Company contributions to pension scheme	81,390	81,021
	<u>559,398</u>	<u>527,624</u>
All directors are members of the defined contribution scheme.		
Remuneration of highest paid director	226,735	216,677
Company contributions to pension scheme, in relation to highest paid director	6,767	6,168
	<u>233,502</u>	<u>222,845</u>

#### Directors' transactions

There are no further transactions related to the Directors.

### 6. Retirement benefit schemes (Defined contribution scheme)

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The company have committed to contribute a specified percentage of payroll costs to the retirement benefit scheme. The only obligation of the company with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the income statement of £420,348 (2021: £393,293) represents contributions payable to these schemes by the company at rates specified in the rules of the schemes. As at 31 December 2022 and 2021 all contributions due to the scheme had been paid.

### 7. Finance (income)/costs

	2022 £	2021 £
Other interest	193,071	36,701
Gain on premium derivative instruments	(570,316)	(122,716)
Guarantee income	(71,953)	(127,116)
Interest on lease liabilities	163,200	167,163
	<u>(285,998)</u>	<u>(45,968)</u>

The company provides guarantees for the parent company and ultimate parent company in relation to three separate loan notes issuances on the public markets, which would crystallise in the event of a default. The guarantee covers the issuance of €600m, \$400m and additional \$800m in loan notes. In connection with this service the company receives income based on agreed fees. This income is shown within finance income/costs in the income statement. No liability is provided in respect of any of the above as the likelihood of an event of default is considered to be remote.

# **CANPACK UK Limited**

## **Notes to the financial statements For the year ended 31 December 2022**

### **8. Profit before taxation**

Profit before taxation is stated after charging/(crediting):

	2022 £	2021 £
Depreciation on property, plant and equipment	3,250,589	3,332,204
Depreciation on right of use asset	70,593	165,812
Cost of inventory recognised as an expense	111,584,955	92,139,540
Amortisation of intangible assets	14,566	19,919
Staff costs (note 5)	12,401,639	11,915,620
Net foreign exchange losses/(gains)	1,323,499	(447,041)

Fees payable to Deloitte and their associates for the audit of the Company's financial statements were £86,875 (2021: £56,150 ).

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

### **9. Tax expense/charge**

	2022 £	2021 £
<b>Analysis of charge in year at 19% (2021: 19%)</b>		
<b>Current tax</b>		
Total current tax	-	-
<b>Deferred tax</b>		
Current year	(855,713)	1,618,608
Total deferred tax (note 18)	(855,713)	1,618,608
<b>Tax on profit</b>	(855,713)	1,618,608

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 9. Tax expense (continued)

	2022 £	2021 £
<b>Factors affecting tax on profit in year</b>		
(Loss)/profit before tax	(3,763,997)	2,668,603
Tax on (loss)/profit at UK average standard rate of 19% (2021: 19%)	(715,159)	507,035
Effects of:		
Tax effect of disallowable expenses	50,245	50,150
Movement due to change in rate	1,847	182,842
Movement on deferred tax liability	243,544	1,183,909
Movement on deferred tax asset	(436,190)	(305,328)
<b>Tax on (Loss)/profit for year</b>	<b>(855,713)</b>	<b>1,618,608</b>

There is no unprovided deferred tax in either year. The deferred tax asset has been recognised as the directors consider that based on the anticipation of future taxable earnings the asset will be recovered.

In the March 2020 Budget it was announced that the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the 19% tax rate on 17 March 2020. The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has been used at the balance sheet date in combination with the 19% for short term tax movements, as a result deferred tax balances as at 31 December 2022 are a combination of the two rates.

There is no unrecognized deferred tax.

	2022 £	2021 £
Tax charged on items recognized in other comprehensive income:		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Deferred tax on cash flow hedges	(346,437)	211,082

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 10. Intangible assets

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2021	765,135
Additions	75,121
	<hr/>
At 31 December 2021	840,256
Additions	28,561
Transfer from tangibles	4,338
Disposals	(9,902)
	<hr/>
At 31 December 2022	863,253
<b>Amortisation</b>	
At 1 January 2021	486,514
Charge for the year	19,919
	<hr/>
At 31 December 2021	506,433
Charge for the year	14,566
Disposals	(9,902)
	<hr/>
At 31 December 2022	511,097
<b>Net book value</b>	
At 31 December 2022	352,156
	<hr/>
At 31 December 2021	333,823
	<hr/>

Computer software is amortised over its useful economic life, which is on average 3 years. The charge in the income statement is disclosed within cost of sales.

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 11. Property, plant and equipment

	Land and buildings £	Office equipment £	Plant and equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 January 2021	8,458,479	588,084	60,715,505	324,826	70,086,894
Additions	-	938	826,140	906,227	1,733,305
Reclassification	-	360	274,865	(275,225)	-
Disposals	-	(635)	-	-	(635)
At 31 December 2021	8,458,479	588,747	61,816,510	955,828	71,819,564
Additions	-	-	82,115	963,271	1,045,386
Transfer to intangibles	-	-	-	(4,338)	(4,338)
Reclassification	-	-	562,843	(562,843)	-
Disposals	-	(54,455)	(3,406)	-	(57,861)
At 31 December 2022	8,458,479	534,292	62,458,062	1,351,918	72,802,751
<b>Depreciation</b>					
At 1 January 2021	365,864	508,009	23,920,769	-	24,794,642
Disposals	-	(635)	-	-	(635)
Charge for the year	308,709	53,780	2,969,715	-	3,332,204
At 31 December 2021	674,573	561,154	26,890,484	-	28,126,211
Disposals	-	(54,455)	(3,406)	-	(57,861)
Charge for the year	308,709	26,908	2,914,972	-	3,250,589
At 31 December 2022	983,282	533,607	29,802,050	-	31,318,939
<b>Net book value</b>					
At 31 December 2022	7,475,197	685	32,656,012	1,351,918	41,483,812
At 31 December 2021	7,783,906	27,593	34,926,026	955,828	43,693,353

At 31 December 2022, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £71,494 (2021: £209,103).



# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 12. Inventories

	2022 £	2021 £
Raw materials	21,272,824	9,129,698
Goods for resale	1,076,453	2,146,441
	<u>22,349,277</u>	<u>11,276,139</u>

The directors consider the carrying value of inventories to approximate their replacement cost.

### 13. Right of use asset

	Plant and equipment £	Land and buildings £	Total £
<b>Cost</b>			
At 1 January 2022	410,984	4,649,926	5,060,910
At 31 December 2022	<u>410,984</u>	<u>4,649,926</u>	<u>5,060,910</u>
<b>Depreciation</b>			
At 1 January 2021	264,090	4,399	268,489
Charge for the year	113,022	52,790	165,812
At 31 December 2021	<u>377,112</u>	<u>57,189</u>	<u>434,301</u>
Charge for the year	17,803	52,790	70,593
At 31 December 2022	<u>394,915</u>	<u>109,979</u>	<u>504,894</u>
<b>Net book value</b>			
At 31 December 2022	<u>16,069</u>	<u>4,539,947</u>	<u>4,556,016</u>
At 31 December 2021	<u>33,872</u>	<u>4,592,737</u>	<u>4,626,609</u>

CanPack UK Limited leases several assets including land, plant and cars. The average lease term is 87.4 years. The category of land and buildings only contains the long leasehold of land.

The maturity analysis of lease liabilities is presented in note 17.

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 14. Trade and other receivables

	2022 £	2021 £
<b>Due within one year</b>		
Amounts owed by group companies	4,376,112	7,560,972
Derivative financial instruments	-	1,297,731
Trade receivables	33,117,136	32,643,862
Prepayments	574,627	352,392
Accrued revenues	4,218,194	4,534,932
	<u>42,286,069</u>	<u>46,389,888</u>
	2022 £	2021 £
<b>Due after one year</b>		
Derivative financial instruments	-	63,468
	<u>-</u>	<u>63,468</u>

The credit period taken for sales is within customer payment terms. The amounts owed by group companies is payable between 30 and 90 day terms, with £578,022 (2021: £873,863) due in 30 days and the remainder due in 60 or 90 days. For most customers no interest is charged on the trade receivables. There is no interest charge incurred on the receivable amounts owed by group companies. The Company has financial risk management policies in place to ensure that all receivables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade and other receivables is also their fair value.

### 15. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

### 16. Trade and other payables

	2022 £	2021 £
Amounts owed to group companies	16,260,880	13,755,696
Derivative financial instruments	753,899	-
Other taxation and social security	2,164,851	2,415,545
Trade payables	20,648,412	16,177,506
Accruals and deferred income	2,962,330	3,672,186
	<u>42,790,372</u>	<u>36,020,933</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The credit period taken for trade purchases is within supplier payment terms. The amount owed to group companies is payable on either 60, 90 or 120 day terms, with £2,116 (2021: £357,858) due within 60 days and the remainder due in 90 days or higher. For most suppliers no interest is charged on the trade payables. There is no interest charge incurred on the payable amounts owed to group companies. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade and other payables is also their fair value.

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 17. Lease Liabilities

	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
<b>Maturity Analysis:</b>	<b>Lease Payments</b>	<b>Interest</b>	<b>Principal</b>	<b>Lease Payments</b>	<b>Interest</b>	<b>Principal</b>
Year 1	179,772	162,629	17,143	190,073	163,200	26,873
Year 2	179,516	161,815	17,701	179,772	162,629	17,143
Year 3	171,000	161,494	9,506	179,516	161,815	17,701
Year 4	171,000	161,160	9,840	171,000	161,494	9,506
Year 5	171,000	160,818	10,182	171,000	161,160	9,840
Onwards	13,851,000	9,266,420	4,584,580	14,022,000	9,427,238	4,594,762
	<u>14,723,288</u>	<u>10,074,336</u>	<u>4,648,952</u>	<u>14,913,361</u>	<u>10,237,536</u>	<u>4,675,825</u>

The lease liabilities consist of land and cars.

Expenses in 2022 relating to short-term leases were £36,621. At 31 December 2022 the company is committed to £0 for short-term leases.

#### 18. Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The elements of deferred taxation are as follows:

	31 December 2022 £	31 December 2021 £
Differences between accumulated depreciation and amortisation and capital allowances	5,902,029	5,548,875
Tax gains	(2,138,592)	(718,643)
Deferred tax liability (net)	<u>3,763,437</u>	<u>4,830,232</u>

At the balance sheet date, the company has unused tax losses of £8,682,288 (2021: £3,101,248) available for offset against future profits. A deferred tax asset of £2,138,592 (2021: £718,643) has been recognised using a combination of the current rate of 19% and the future rate of 25% in respect of such losses. There are no unrecognised tax losses (2021: £nil). Deferred tax assets are recognised to the extent that their utilization is probable. The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income in future periods. Various factors are used to assess the probability of the future utilization of deferred tax assets, including past operating results, operating plans, loss carry forward periods and tax planning strategies.

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 18. Deferred taxation (continued)

The following are the major deferred tax liabilities and assets recognized by the Company and the movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £	Tax losses £	Total £
At 1 January 2021	4,140,069	(1,139,527)	3,000,542
Charge to profit or loss	1,275,975	159,791	1,435,766
Charged to equity in respect of cash flow hedges	-	211,082	211,082
Effect of change in tax rate – profit or loss	132,831	50,011	182,842
At 1 January 2022	5,548,875	(718,643)	4,830,232
Charge to profit or loss	109,610	(772,677)	(663,067)
Effect of change in tax rate – profit or loss	243,544	(300,835)	(57,291)
Charged to equity in respect of cash flow hedges	-	(346,437)	(346,437)
At 31 December 2022	5,902,029	(2,138,592)	3,763,437

#### 19. Borrowings

Borrowing facilities available are £15 million and are denominated in Sterling, with a balance at the year end of £Nil (2021: £Nil). This facility expires in 2027. Interest on the Sterling loan is charged monthly at a rate of 4.65% per annum.

Borrowing facilities are deemed to be at arm's length, based upon past quotes we have received for borrowings and general knowledge of the UK financing market.

#### 20. Share capital

	31 December 2022 £	31 December 2021 £
<b>Authorised</b>		
52,350,000 (2021: 52,350,000) Ordinary shares of £1	52,350,000	52,350,000
<b>Allotted, called up and fully paid</b>		
52,350,000 (2021: 52,350,000) Ordinary shares of £1	52,350,000	52,350,000

The Company has one class of ordinary shares which carry no right to fixed income.

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 21. Financial commitments

##### Operating lease commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Machinery and Equipment 31 December 2022 £	31 December 2021 £
Within one year	287	287
From first to fifth year	289	576
Over five years	-	-
	<u>576</u>	<u>863</u>

#### 22. Ultimate controlling party

The immediate parent company is CanPack SA, whose registered office is 29 Marii Konopnickiej Street 1, 30-302 Krakow, Poland. This is the smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements can be obtained from the Register Court, Poland.

The ultimate parent and controlling company and largest group for which consolidated financial statements are drawn up is Giorgio Global Holdings Inc, whose registered office is 301 North Market Street, Suite 1414, Wilmington, DE19801, USA.

#### 23. Transactions with related parties

##### Trading transactions

During the year, the Company entered into the following transactions with related parties. Transactions with key management personnel related to remuneration only are not included (see note 5 for detail).

2022	Sale of goods/services & recharge of costs £	Purchase of goods or services £	Amounts owed by related parties £	Amounts owed to related parties £
CanPack SA	14,500,902	30,131,242	2,446,685	16,654,659
ZETO SA	-	-	-	-
Giorgi Group Holdings	-	-	-	46,077
CanPack Czech.	175,317	175,317	177,906	-
Can-Pack Real Estate sp zoo	-	-	-	-
Can-Pack Netherlands	9,658,542	2,210,159	1,590,465	294,031
Can-Pack Morocco	-	-	-	-
Can-Pack Middle East	937	6,087	-	6,088
Can-Pack Finland	1,203,239	88,179	160,951	13,924
Can-Pack Romania	14,611	60,841	105	-
Can-Pack Brazil	-	-	-	-
Balance at 31 December 2022	<u>25,553,548</u>	<u>32,671,825</u>	<u>4,376,112</u>	<u>17,014,779</u>

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 23. Transactions with related parties (continued)

2021	Sale of goods/services & recharge of costs £	Purchase of goods or services £	Amounts owed by related parties £	Amounts owed to related parties £
Can-Pack SA	3,673,716	27,963,807	2,637,484	12,975,331
ZETO SA	-	1,366	-	-
Giorgi Group Holdings	-	46,065	-	46,043
Can-Pack Czech	11,620	-	-	-
Can-Pack Netherlands	10,747,560	1,449,445	5,840,902	739,350
Can-Pack Morocco	-	-	-	-
Can-Pack Middle East	3,290	-	-	-
Can-Pack Finland	1,195,424	473,047	440,341	-
Can-Pack Romania	-	41,815	-	(5,028)
Can-Pack Colombia	3,477	-	3,444	-
Balance at 31 December 2021	15,635,087	29,975,545	8,922,171	13,755,696

All of the above are related parties as they are all members of the CanPack SA Group, recharges of costs were made at either cost price or a small mark up depending on the nature of the recharge.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

### Directors' transactions

Details of transactions with directors are included in note 5.

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 24. Hedging reserve

	£
Balance at 1 January 2021	84,727
Deferred tax charge on cash flow hedges	(211,082)
Aluminium contracts:	
(Gain)/loss reclassified to profit or loss	(10,064)
Gain/(loss) arising on changes in fair value of hedging instruments during the period	1,121,024
<b>Balance at 31 December 2021</b>	<b>984,605</b>
Balance at 1 January 2022	984,605
Gains recognised on cash flow hedges:	
Aluminium contracts:	
(Gain)/loss reclassified to profit or loss	(1,132,256)
Gain/(loss) arising on changes in fair value of hedging instruments during the period	(738,091)
Net Deferred tax charge on cash flow hedges	346,437
<b>Balance at 31 December 2022</b>	<b>(539,305)</b>

The hedging reserve represents the cumulative amount of gains and losses on commodity hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, consistent with the applicable accounting policy. The aluminium hedge has been measured at fair value using level 1 input as the aluminium prices are a known value at any given time.

#### *Hedge Accounting*

The Company enters into derivative financial instrument contracts to manage exposure to fluctuations in commodities prices. The Company has designated commodity swap contracts as hedges. The Company measures these derivative contracts at fair value. The Company presents the gain/loss related to ineffective hedging transactions within its Income Statement.

The Company records the gain/loss related to effective part of hedging transactions in Other Comprehensive Income until the hedged transaction occurs. When the hedged transaction occurs, the Company reclassifies the related gain or loss on the cash flow hedge to the Income Statement. In the event the underlying hedged transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the underlying hedge into the Income Statement.

#### *Cash Flow Hedges*

The Company's derivative instruments are designated and qualified as cash flow hedges. Hedge accounting has been elected for commodity swap contracts, whereby the effective portion of the gain or loss is reported as a component of Other Comprehensive Income and reclassified into Income Statement in the same period in which the hedged transaction affects Income Statement. Every month the Company evaluates the effectiveness of hedging of all open contracts, the results of which are booked accordingly.

The notional value of the derivatives commodity financial instrument as at 31 December 2022 is £21,306,719 (2021: £8,026,086) and relates to 13,936 tonnes of aluminium (2021: 8,745). The fair value of derivative instruments in 2022 is (£753,899) and is shown under payables.

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 24. Hedging reserve (continued)

##### *Commodity risk and Financial Instruments*

The Company uses aluminium swap contracts in order to manage risks associated with market fluctuations in aluminium prices. These contracts have been designated as cash flow hedges.

In its operations, the Company is exposed to the risk of changes in London Metal Exchange ("LME") quotes of aluminium. The Company endeavours to avoid unnecessary risks and limit the impact of threats related to its basic business to an acceptable level, which is achieved by means of hedging transactions. Managing the risk to which it is exposed, the Company conducts activities aimed at optimization of cash flow. The main risk to which the Company is exposed in connection with its operations is the risk of changes of the quotes of aluminium on the LME. The risk of changes of the price of aluminium is connected with the common practice of determining the prices in the contracts on the basis of the monthly average sales price of aluminium on the LME. In order to hedge against that risk, the Company enters into non-delivery swap contracts. These contracts are designated as cash flow hedges. The Company assesses hedge effectiveness and there are no components excluded from the assessment. The effective portion of the hedging instrument is reported in Other Comprehensive Income. The contracts outstanding at December 31, 2022, expire within two years.

##### *Hedge Ineffectiveness*

The ineffectiveness results from the results of hedge effectiveness tests. When analysing the effectiveness the changes in valuation of hedging instruments is compared to changes in valuation of hedged item. The hedged item is the aluminium tonnage purchased.

#### 25. Financial instruments

##### **Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company at 31 December 2022 consists of cash and cash equivalents, and equity attributable to equity holders of the company, comprising issued capital and retained earnings as disclosed in the Statement of Changes in Equity.

<b>Categories of financial instruments</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
<b>Financial assets measured at amortised cost</b>		
Trade receivables	33,117,136	32,643,862
Amounts owed by group companies	4,376,112	7,560,972
Accrued revenues	4,218,194	4,534,932
Cash and cash equivalents	3,073,470	6,473,943
	<u>44,784,912</u>	<u>51,213,709</u>



## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 25. Financial instruments (continued)

	2022 £	2021 £
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	20,648,412	16,177,506
Other payables	22,141,960	19,843,427
Lease liabilities	4,648,952	4,675,825
	<u>47,439,324</u>	<u>40,696,758</u>

#### Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters by directors.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	2022 £	2021 £	2022 £	2021 £
Polish Zloty	-	34,521	1,633	63,246
Euro	9,257,580	13,558,752	8,059,843	6,349,927
US Dollar	57,785	12,700	6,775,950	11,453,802
	<u>9,315,365</u>	<u>13,605,973</u>	<u>14,837,426</u>	<u>17,866,975</u>

#### Foreign currency sensitivity analysis

The Company is mainly exposed to the Euro with small amounts of US dollars and Polish Zloty. The following table details the Company's sensitivity to a 10% increase and decrease in Sterling against the Euro, US Dollar and the Polish Zloty. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where Sterling strengthens 10 per cent against the Euro, US Dollar or the Polish Zloty. For a 10% weakening of Sterling against the Euro, US Dollar or the Polish Zloty, there would be an equal and opposite impact on the profit.

	<b>US Dollar Impact</b>		<b>Euro Impact</b>		<b>Polish Zloty Impact</b>	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Profit or loss	<u>(671,817)</u>	<u>(1,144,110)</u>	<u>119,774</u>	<u>720,822</u>	<u>(163)</u>	<u>(2,872)</u>

In management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk as the year end exposure does reflect the exposure during the year.

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 25. Financial instruments (continued)

##### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining its banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's financial liabilities are detailed as follows:

	31 December 2022 £	31 December 2021 £
Trade payables	20,648,412	16,177,506
Amounts owed to group companies	17,014,779	13,755,696
Lease liabilities	4,648,952	4,675,825
Other payables	5,127,181	6,087,731
	<u>47,439,324</u>	<u>40,696,758</u>

Trade payables owed to group companies mature within 3 months of the balance sheet date, and do not bear any interest.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	1-3 months £	3 months to 1 year £	1-5 years £	5 years + £	Total £
<b>31 December 2022</b>					
Non-interest bearing:					
Trade payables	20,648,412	-	-	-	20,648,412
Amounts owed to group companies	17,014,779	-	-	-	17,014,779
Other payables	5,127,181	-	-	-	5,127,181
	<u>42,790,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,790,372</u>
<b>31 December 2021</b>					
Non-interest bearing:					
Trade payables	16,177,506	-	-	-	16,177,506
Amounts owed to group companies	13,755,696	-	-	-	13,755,696
Other payables	6,087,731	-	-	-	6,087,731
	<u>36,020,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,020,933</u>

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 25. Financial instruments (continued)

The company has access to a revolving credit facility with its parent company. The facility is valid until 2027 with an interest rate of 4.65% which is available to be drawn on when required over that time period, at the year end there were no funds drawn down on the facility.

##### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date which are set out below:

	31 December 2022 £	31 December 2021 £
Amounts owed by group companies	4,376,112	7,560,972
Derivative financial instruments	-	1,361,199
Trade receivables	33,117,136	32,643,862
Cash and cash equivalents	3,073,470	6,473,943
	<u>40,566,718</u>	<u>48,039,976</u>

The credit risk for liquid funds is not considered significant, since the counterparty is a high street bank with a high quality external credit rating. The Company's policy is to only deal with creditworthy counterparties. All debts are closely controlled and monitored by management. None of the Company's financial assets are secured by collateral or other credit enhancements at the balance sheet date.

Ageing of past due but not impaired trade receivables:

	31 December 2022 £	31 December 2021 £
30-60 days	331,314	1,132,743
60-90 days	-	98,238
90-120 days	56,927	92,189
	<u>388,241</u>	<u>1,323,170</u>

## CANPACK UK Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 25. Financial instruments (continued)

##### Fair value of financial assets and liabilities

	Carrying Amount		Fair Value	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed by group companies	4,376,112	7,560,972	4,376,112	7,560,972
Derivative financial instruments	-	1,361,199	-	1,361,199
Trade receivables	33,117,136	32,643,862	33,117,136	32,643,862
Cash	3,073,470	6,473,943	3,073,470	6,473,943
Trade payables	(20,648,412)	(16,177,506)	(20,648,412)	(16,177,506)
Amounts owed to group companies	(17,014,779)	(13,755,696)	(17,014,779)	(13,755,696)
Lease liabilities	(4,648,952)	(4,675,825)	(4,648,952)	(4,675,825)
	<u>(1,745,425)</u>	<u>13,430,949</u>	<u>(1,745,425)</u>	<u>13,430,949</u>

It has been determined that due to the nature of the assets and liabilities and the parties involved that the risk of an asset or liabilities carrying amount changing or being incorrect is considered low and therefore the carrying amounts and the fair value of financial assets and financial liabilities would be equal.

Derivative financial instruments qualify under level 1 fair value measurement as these have observable prices in active markets.

# CANPACK UK Limited

## Notes to the financial statements For the year ended 31 December 2022

### 26. Analysis of cash flows

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Operating profit		(4,049,995)	2,622,635
Adjustments for:			
Depreciation	11,13	3,321,182	3,498,016
Amortisation	10	14,566	19,919
Gain on disposal of leases	8	-	-
Operating cash flows before movements in working capital		(714,247)	6,140,570
Increase in inventories	12	(11,073,139)	(1,418,022)
Decrease/(increase) in trade and other receivables	14	4,167,288	(9,054,596)
Increase in trade and other payables	16	5,676,716	8,233,533
Cash flow from operations		(1,229,135)	(2,239,085)
Interest paid	7,17	(356,271)	(203,864)
<b>Net cash (used in)/generated from operating activities</b>		<u>(2,299,653)</u>	<u>3,697,621</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(1,041,048)	(1,733,305)
Purchase of intangible assets	10	(32,899)	(75,121)
<b>Net cash used in investing activities</b>		<u>(1,073,947)</u>	<u>(1,808,426)</u>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities – Principal amount		(26,873)	(121,448)
<b>Net cash used in from financing activities</b>		<u>(26,873)</u>	<u>(121,448)</u>
<b>(Decrease)/increase in net cash and cash equivalents in the year</b>		<u>(3,400,473)</u>	<u>1,767,747</u>