

Appleseed Holdco Limited

Annual Report and Financial Statements

Year Ended

31 May 2021

Company Number 09250826

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Appleseed Holdco Limited

Company Information

Directors	J D Agnew J J Brade
Company secretary	M B Stokes
Registered number	09250826
Registered office	Crewe Hall Enterprise Park Crewe Cheshire CW1 6UL
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

Appleseed Holdco Limited

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Appleseed Holdco Limited

Strategic Report For the Year Ended 31 May 2021

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 May 2021.

Business review

Performance and Strategy

On 18th December 2020 Medication Packaging Holdco Limited ("the Group") completed the acquisition of Appleseed Holdco Limited and its subsidiaries, Appleseed Bidco Limited and Medica Packaging Limited. This transaction was led by the management team of Gerard Harford and Mark Stokes from Medica Packaging in a Management Buy-out, with the support of Harwood Private Equity.

This change the Board believe will help to ensure that Medica is able to fully capitalize on the market opportunities that are available and have the financial strength to invest further and continue to grow.

Following this transaction, the results are now consolidated for the Group headed by Medication Packaging Holdco Limited. Appleseed Holdco Limited is now an intermediary holding company.

Principal risks and uncertainties (including Covid-19)

The principal risks and uncertainties primarily relate to those of the trading entity, Medica Packaging Limited.

The Company has minimal exposure to currency variation and it looks to mitigate this through effective purchasing, monitoring the need to hedge where necessary and reviewing alternative sources of supply.

Similarly, while there are sales into international markets, the ability to hedge exposure is closely monitored, with the majority of sales being within the UK.

The Company has credit insurance in place to mitigate the risk of a failure of a customer, together with a process of close monitoring and management of the customer base.

As the Company continues to grow, attracting and retaining experienced and high performing employees becomes ever more challenging, however, the Company looks to develop and progress employees in line with Company performance.

The Covid-19 pandemic has presented the Company and global economies with significant challenges. The safety of our employees, customers and suppliers is of paramount importance to Medica. It is testament to our committed employees and our resilience as to how quickly we have been able to adapt and where possible we were able to have employees fully operational from home very quickly. Throughout the lockdown period we have not placed any employees on the government's Furlough scheme. We are also pleased to report that while Covid-19 has presented Medica with many challenges it has also provided a number of opportunities.

Following the easing of lock down restrictions the UK has faced a shortage of delivery drivers and globally there have been supply chain issues which have led to unprecedented conditions and with demand outstripping supply there has been significant cost increases in energy, raw materials and transportation.

The impact of these unprecedented market conditions has meant the Board is focussed on working closely with supplier sand customers to carefully service demand and to ensure the Company maximise the opportunities that such conditions present.

Appleseed Holdco Limited

Strategic Report (continued) For the Year Ended 31 May 2021

Principal risks and uncertainties (continued)

The Board is required to assess the Company's viability over a period greater than twelve months and with the impact of Covid-19, the Board has undertaken a number of stress tests to measure the impact on sales and margin in a Covid-19 world.

A deep sales decline has been applied to the model and this has shown that Medica is able to deliver a break-even EBITDA, with a wholly unlikely sales reduction. It should also be noted that as part of the contingency planning for the Covid-19 pandemic, Medica has taken action to closely monitor its resource requirements, focus on tight cost control and delay any unnecessary capital outlay.

On the basis of the stress tests and the reviews undertaken the Board consider it appropriate for the going-concern basis to be adopted in preparing the financial statements.

Financial key performance indicators

The Group monitors performance on a daily basis and has in place key performance indicators that are designed to evaluate how the Company performs. The key performance indicators that the Group uses are:

1. Daily order intake;
2. Actual Sales performance against budget and prior year;
3. Earnings before interest, tax, depreciation and amortisation ("EBITDA"); and
4. Working Capital monitoring and management.

As the Company is an intermediate holding company, there are no key performance indicators based on the performance of the Company.

Environment

There is recognition that the Group has a responsibility to the environment, customers, suppliers and employees. The Group, where possible ensures that it purchases material certified by the Programme for the Endorsement of Forest Certification (PEFC) or the Forest Stewardship Council (FSC). The Group's commitment to protecting the environment is evidenced with its ISO 14001 accreditation and the aims documented in the Environmental Policy to be a market leader in the packaging industry by producing cartons and leaflets using sustainable resources.

Outlook

The prospects for the future are encouraging and the Group is now well placed to build upon the financial performance achieved this year. With a committed workforce and a commitment to continue to invest further in both employees and plant and machinery, the future is approached with confidence.

This report was approved by the board on 23rd February 2022 and signed on its behalf.



M B Stokes
Secretary

Appleseed Holdco Limited

Directors' Report For the Year Ended 31 May 2021

The Directors present their report and the audited financial statements for the year ended 31 May 2021.

Principal activity

The principal activity of the Company is that of a holding company.

Results and dividends

The profit for the year, after taxation, amounted to £157,705 (2020 - loss £228,000).

Dividends of £Nil have been declared in the period (2020 - £Nil). The Directors do not propose the payment of a final dividend.

Directors

The Directors who served during the year were:

R B Sanders (resigned 18 December 2020)
L G Tamberlin (resigned 18 December 2020)
J D Agnew (appointed 18 December 2020)
J J Brade (appointed 18 December 2020)

Going concern

The Covid-19 pandemic has presented the Group and global economies with significant challenges.

The safety of our employees, customers and suppliers is of paramount importance to the Group.

It is testament to our committed employees and our resilience as to how quickly we have been able to adapt and where possible we were able to have employees fully operational from home very quickly. Throughout the lockdown period we have not placed any employees on the government's Furlough scheme. We are also pleased to report that while Covid-19 has presented many challenges it has also provided a number of opportunities.

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The impact of these unprecedented market conditions has meant the Board is focussed on working closely with supplier and customers to carefully service demand and to ensure the Company maximise the opportunities that such conditions present.

The Board is required to assess the Group's viability over a period greater than twelve months and with the impact of Covid-19, the Board has undertaken a number of stress tests to measure the impact on sales and margin in a Covid-19 world.

A deep sales decline has been applied to the model and this has shown that Group is able to deliver a break even EBITDA, with a wholly unlikely sales reduction. It should also be noted that as part of the contingency planning for the Covid-19 pandemic, the Group has taken action to closely monitor its resource requirements, focus on tight cost control and delay any unnecessary capital outlay.

On the basis of the stress tests and the reviews undertaken the Board consider it appropriate for the going concern basis to be adopted in preparing the financial statements.

Appleseed Holdco Limited

Directors' Report (continued) For the Year Ended 31 May 2021

Qualifying third party indemnity provisions

The Company has not entered into qualifying third party indemnity arrangements for the benefit of the Directors in a form and scope which comply with the requirements of the Companies Act 2006.

Matters covered in the strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report in accordance with S414C(11) as the Director considers them to be of strategic importance to the Company.

Disclosure of information to auditor

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

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

Auditor

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

This report was approved by the board on 23rd February 2022 and signed on its behalf.



M B Stokes
Secretary

Appleseed Holdco Limited

Directors' Responsibilities Statement For the Year Ended 31 May 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Appleseed Holdco Limited

Independent Auditor's report to the members of Appleseed Holdco Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Appleseed Holdco Limited ("the Company") for the year ended 31 May 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Appleseed Holdco Limited

Independent Auditor's report to the members of Appleseed Holdco Limited (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was 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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Company accounting policies, United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of

Appleseed Holdco Limited

Independent Auditor's report to the members of Appleseed Holdco Limited (continued)

Ireland (United Kingdom Generally Accepted Accounting Practice) and the UK Companies Act 2006; those that relate to the payment of employees; and industry related such as compliance with health and safety legislation. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investments;
- Identifying and testing journal entries to key financial statement areas such as investments and amounts owed from and to subsidiary undertakings;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Review of minutes of Board meetings throughout the period.

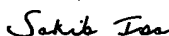
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



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Sakib Isa (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

24 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Appleseed Holdco Limited

Statement of Comprehensive Income For the Year Ended 31 May 2021

	Note	2021 £	2020 £
Administrative expenses		(135,000)	(228,000)
Operating loss		(135,000)	(228,000)
Loss before taxation		(135,000)	(228,000)
Tax on loss	6	292,705	-
Profit/(loss) for the financial year		157,705	(228,000)

There was no other comprehensive income for 2021 (2020 - £Nil).

All profit is attributable to the owners of the parent company.

The notes on pages 12 to 22 form part of these financial statements.

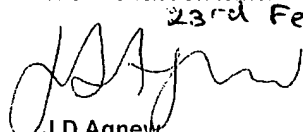
Appleseed Holdco Limited
Registered number:09250826

Statement of Financial Position
As at 31 May 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	7		1,206,726		1,206,726
			<u>1,206,726</u>		<u>1,206,726</u>
Current assets					
Debtors: amounts falling due within one year	8	300,204		7,499	
		<u>300,204</u>		<u>7,499</u>	
Creditors: amounts falling due within one year	9	(473,068)		(338,901)	
Net current liabilities			<u>(172,864)</u>		<u>(331,402)</u>
Total assets less current liabilities			<u>1,033,862</u>		<u>875,324</u>
Net assets			<u>1,033,862</u>		<u>875,324</u>
Capital and reserves					
Called up share capital	11		8,341		7,508
Share premium account	12		842,499		842,499
Share option reserve	12		364,225		364,225
Profit and loss account	12		(181,203)		(338,908)
Equity attributable to owners of the parent Company			<u>1,033,862</u>		<u>875,324</u>

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

23rd February 2022



J D Agnew
Director

The notes on pages 12 to 22 form part of these financial statements.

Appleseed Holdco Limited

Statement of Changes in Equity For the Year Ended 31 May 2021

	Called up share capital £	Share premium account £	Share option reserve £	Profit and loss account £	Total equity £
At 1 June 2020	7,508	842,499	364,225	(338,908)	875,324
Comprehensive loss for the year					
Profit for the year	-	-	-	157,705	157,705
Total comprehensive loss for the year	-	-	-	157,705	157,705
Contributions by and distributions to owners					
Shares issued during the year	833	-	-	-	833
Total transactions with owners	833	-	-	-	833
At 31 May 2021	8,341	842,499	364,225	(181,203)	1,033,862

Statement of Changes in Equity For the Year Ended 31 May 2020

	Called up share capital £	Share premium account £	Share options reserve £	Profit and loss account £	Total equity £
At 1 June 2019	7,508	842,499	291,225	(110,908)	1,030,324
Comprehensive loss for the year					
Loss for the year	-	-	-	(228,000)	(228,000)
Total comprehensive loss for the year	-	-	-	(228,000)	(228,000)
Contributions by and distributions to owners					
Share options charge	-	-	73,000	-	73,000
Total transactions with owners	-	-	73,000	-	73,000
At 31 May 2020	7,508	842,499	364,225	(338,908)	875,324

The notes on pages 12 to 22 form part of these financial statements.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

1. General information

Appleseed Holdco Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page and the nature of the Company's operations and its principal activity is set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in pounds sterling, and have been rounded to the nearest thousand pounds.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Medication Packaging Holdco Limited as at 31 May 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

2. Accounting policies (continued)

2.4 Going concern

In conjunction with other group companies, the Directors have reviewed cashflow forecasts and available facilities for the coming year and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they have adopted the going concern basis in the preparation of these financial statements.

The Covid-19 pandemic has presented the Group and global economies with significant challenges.

The safety of our employees, customers and suppliers is of paramount importance to the Group.

It is testament to our committed employees and our resilience as to how quickly we have been able to adapt and where possible we were able to have employees fully operational from home very quickly. Throughout the lockdown period we have not placed any employees on the government's Furlough scheme. We are also pleased to report that while Covid-19 has presented many challenges it has also provided a number of opportunities.

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The impact of these unprecedented market conditions has meant the Board is focussed on working closely with supplier sand customers to carefully service demand and to ensure the Company maximise the opportunities that such conditions present.

The Board is required to assess the Group's viability over a period greater than twelve months and with the impact of Covid-19, the Board has undertaken a number of stress tests to measure the impact on sales and margin in a Covid-19 world.

A deep sales decline has been applied to the model and this has shown that Group is able to deliver a break-even EBITDA, with a wholly unlikely sales reduction. It should also be noted that as part of the contingency planning for the Covid-19 pandemic, the Group has taken action to closely monitor it's resource requirements, focus on tight cost control and delay any unnecessary capital outlay.

On the basis of the stress tests and the reviews undertaken the Board consider it appropriate for the going-concern basis to be adopted in preparing the financial statements.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

2. Accounting policies (continued)

2.5 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.6 National Insurance on share options

To the extent that the share price at the reporting date is greater than the exercise price on options granted under unapproved schemes after 19 May 2000, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

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

2.10 Creditors

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

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found,

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

2. Accounting policies (continued)

2.11 Financial instruments (continued)

an impairment loss is recognised in the Statement of Comprehensive Income.

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

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

In the application of the accounting policies, described above, the Directors are required to make judgements, estimates and assumptions about the carrying value of the 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.

Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations, 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.

Carrying value of investments

Management monitor the results of each investment on a regular basis. The judgements estimates and associated assumptions necessary to calculate the value in use of investments are based on historical experience and other reasonable factors.

4. Auditor's remuneration

The audit fee of £2,400 (2020 - £2,300) was met by a fellow group company without recourse.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2020 - £NIL).

6. Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	(292,705)	-
Total deferred tax	<u>(292,705)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(292,705)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(135,000)</u>	<u>(228,000)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(25,650)	(43,320)
Effects of:		
Expenses not deductible for tax purposes	25,695	43,320
Share scheme deductions	(222,456)	-
Remeasurement of deferred tax for changes in tax rates	(70,294)	-
Total tax credit for the year	<u>(292,705)</u>	<u>-</u>

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at the year end has been calculated based on the rate substantively enacted at that date.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

7. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 June 2020 and 31 March 2021	<u><u>1,206,726</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
Appleseed Bidco Limited	UK	Holding Company	Ordinary	100%
Medica Packaging Limited	UK	Design, manufacture and sale of printed folded cartons for the pharmaceutical industry	Ordinary	100%

The registered office of the above subsidiaries is Crewe Hall, Enterprise Park, Crewe, Cheshire, CW1 6UL.

The investment in Medica Packaging Limited is held indirectly.

8. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	7,499	7,499
Deferred taxation	<u><u>292,705</u></u>	<u><u>-</u></u>

Amounts owed by group undertakings are interest free and repayable on demand.

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	<u><u>473,068</u></u>	<u><u>338,901</u></u>

Amounts owed by group undertakings are interest free and repayable on demand.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

10. Deferred taxation

	2021 £
Credited to profit or loss	292,705
At end of year	292,705

The deferred tax asset is made up as follows:

	2021 £	2020 £
Losses and other deductions	292,705	-

11. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
750,000 (2020 - 750,000) A Ordinary shares of £0.0088 each	6,600	6,600
750,000 (2020 - 750,000) B Ordinary shares of £0.0012 each	900	900
84,250,000 (2020 - 84,250,000) C Ordinary shares of £0.0000001 each	8	8
83,334 (2020 - Nil) Ordinary shares of £0.0100 each	833	-
	8,341	7,508

A Ordinary shareholders have no rights to receive notice of, attend, vote, and/or speak at general meetings. On a winding up they are entitled to their initial return.

B Ordinary shareholders have full voting, dividend, and capital distribution rights, including on a winding up. They do not confer any rights of redemption.

C Ordinary shareholders have no rights to receive notice of, attend, vote, and/or speak at general meetings. On a winding up they are entitled to receive the nominal value of their shares on a winding up of the Company (to be distributed pro rata amongst the class C shareholders). The class C shares do not confer any rights of redemption.

Ordinary shares have full voting, dividend, and distribution rights.

On December 18 2020, 83,334 ordinary shares with nominal value of £833.34 were issued for consideration of £833.34.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

12. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Share premium

The share premium account represents the proceeds on the issue of share capital in excess of the nominal value of the issued shares.

Share option reserve

The share option reserve represents the accumulation of the share based payment charge recognised in the Consolidated Statement of Comprehensive Income.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

13. Share based payments

The Company has one equity-settled share-based payment arrangement in place in the current and prior year.

The details of the scheme are as follows:

	2021 No.	2020 No.
Outstanding at the beginning of the year	83,334	83,334
Granted during the year	-	-
Exercised during the year	(83,334)	-
Outstanding at the year end	-	83,334

The exercise price of options was £0.01. During the year all the share options were vested (2020 - 60,811).

On December 18 2020, the share options were exercised pursuant to the management buyout of the Parent company's shares by Medication Packaging Holdco Limited.

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

13. Share based payments (continued)

Options are valued at the share price at the date of grant. This valuation method was used to value the share options as it was considered that this approach would result in a materially accurate assessment of the fair value of the share options granted.

The share-based remuneration expense comprises:

	2021 £	2020 £
Equity-settled schemes	-	73,000

The Company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

No new share options have been granted in the current year.

The scheme carries the following terms and conditions:

- i) The exercise of the option shares granted are conditional upon an exit from the scheme being completed on or before the tenth anniversary of the grant date;
- ii) Where exit is before the tenth anniversary of the grant date and the option holder remains an employee of a group member, all 83,334 options are exercisable; and
- iii) In the event the option holder ceases to be employed by the Company (and not being employed by any Group member) in circumstances where the option holder is a good leaver, the options exercisable as shown below:

	Options vested
Between 1 June 2017 - 31 May 2018	19,231
Between 1 June 2018 - 31 May 2019	39,473
Between 1 June 2019 - 31 May 2020	60,811
Between 1 June 2020 - 31 May 2021	83,334
On or after 1 June 2021	-

Under option iii, the option holder must serve an exercise notice within 30 days of notice date. If the option holder fails to serve an exercise notice within 30 days, the option will lapse.

14. Contingent liabilities

There is a floating charge over the assets of the Company resulting from bank loans due from the Company's principal subsidiary company Medica Packaging Limited. At the year end the potential liability was £3,511,000 (2020 - £Nil).

Appleseed Holdco Limited

Notes to the Financial Statements For the Year Ended 31 May 2021

15. Related party transactions

The Company has taken advantage of the exemption conferred by section 33.1A of FRS102 not to disclose transactions with other wholly owned subsidiaries within the Group.

During the year Appleseed Bidco Limited was charged £99,000 (2020 - £105,000) by Sullivan Street Partners Limited, a company in which certain directors of the Company were shareholders and directors. At the end there was a balance of £Nil (2020 - £Nil) outstanding.

During the year the Company was charged £10,000 (2020 - £Nil) by Harwood Private Equity V L.P, a company in which certain Directors of the Company are shareholders and Directors. At the year end a balance of £4,000 (2020 - £Nil) was accrued for unbilled invoice.

16. Controlling party

The Company's immediate parent company is Medication Packaging Holdco Limited, a company incorporated in England and Wales and registered at Crew Hall, Enterprise Park, Crewe, Cheshire, CW1 6UL.

As at 31 May 2021, the largest and smallest group in which the results are consolidated is that headed by Medication Packaging Holdco Limited, a company incorporated in England and Wales and registered at Crew Hall, Enterprise Park, Crewe, Cheshire, CW1 6UL. The consolidated accounts of the company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the Company.