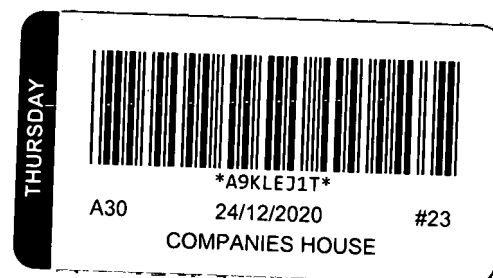


COMPANY REGISTRATION NUMBER: 09323061

HUBER PACKAGING LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2019



HUBER PACKAGING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

Contents	Page
Company information	1
Strategic report	2 - 3
Director's report	4 - 5
Independent auditor's report to the members	6 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

HUBER PACKAGING LIMITED

COMPANY INFORMATION

Director M Luer
L Mack (Resigned 1 March 2019)

Registered office Trinity Park Orrell Lane
Bootle
Merseyside
L20 6BP

Auditor Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

Bankers National Westminster Bank PLC
Liverpool City Branch
228 Church Street
L1 3GB

HUBER PACKAGING LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic report for the period ended 31 December 2019.

Principal activities and review of the business

Huber Packaging Limited was incorporated on 21 November 2014 and formally started trading on 1 April 2015.

Printing

We continue to print for our own manufacturing lines, for many well known and long established brands.

Can making

The product range in the UK has a seasonality factor, which historically declines towards Christmas as the DIY season comes to an end. The reduced demand during the winter period is forecasted and reflected in production demands. A concerted effort to become more international and grow sales in the North American market is ongoing.

Principal risks and uncertainties

Due to the commercial nature of the business and a global supply chain for the market we trade in, we will always be under pressure to deliver a high quality product within short lead times. We must continually adapt to meet everchanging market demands.

Because we are an international business, there will always be the economic risk of fluctuating foreign exchange rates. We are also subject to ever increasing national and international raw material prices especially tinplate and these costs must be passed onto customers in an increasingly competitive market.

There have been no significant factors identified to date, however, uncertainties remain and the Directors will continue to monitor risk and prepare for potential outcomes.

BREXIT has delivered opportunities at home where buyers are looking to mitigate risk by procuring from within the shores of the UK and we see this trend to continue in 2020. The risk is that delays in importing our raw materials will impact our lead times and negatively affect our ability to meet customer demands.

Since the year end there has been an outbreak of Covid-19 which has developed into a global pandemic. There is a lot of uncertainty around the impacts of the pandemic on the economy. The directors are constantly assessing what those impacts might be and considering actions to be taken to allow for trade to continue in the uncertain times caused by Covid-19 pandemic.

Financial performance indicators

The key financial information was as follows:

HUBER PACKAGING LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

	2019	2018	Change, %
Turnover	14,751,696	12,664,035	17
Operating (loss) / profit before tax	(384,588)	(926,912)	59
(Loss) / profit before tax	(405,472)	(942,436)	57
Shareholder's funds	901,190	1,262,596	23
Current assets as % of current liabilities	198%	130%	52
Number of employees	81	87	6

Future developments

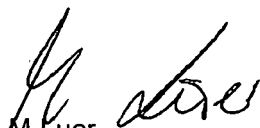
The aim for 2020 is to streamline the business further in order to remain competitive and retain existing customers as well as grow market share from our competitors. We continue to focus on developing business growth in the North American market.

To carry out further restructures and invest in CAPEX and automation projects the business has raised and sold new shares to the group.

Outlook

2019 has been a better year than 2020 for growth in Sales, however, this was mainly due to the "Fin Print" work which has gone away in 2020. However, year ended with an operating loss mainly due to the cost of restructuring, but also due to inefficiencies in the production, which have now been addressed and are coming to fruition in 2020. It is anticipated we will continue to grow sales revenue and return to the operating profit with ongoing careful management of our client base and costs.

This report was approved by the board of directors on 18th December 2020 and signed on behalf of the board by:


M Luer
Director

Registered office:
Trinity Park Orrell Lane
Bootle
Merseyside
L20 6BP

HUBER PACKAGING LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2019

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

DIRECTORS

The directors who served the company during the year were as follows:

M Luer

L Mack

(Resigned 1 March 2019)

DIVIDENDS

No dividends were paid in the year.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 2 and 3.

The directors are required to satisfy themselves as to whether the financial statements of the company should be prepared on the going concern basis. As part of the ongoing duties and activities of the Board there is continual assessment of the company's financial and commercial performance. The Board prepares appropriate forecasts of financial performance and assessments of future business opportunities and the parent company has provided a letter stating they have no intention to dispose or close UK business nor to request the immediate repayment of the intercompany loan in any time during the next 12 month period.

HUBER Group is currently undergoing restructuring, which is mainly triggered by the loss-making companies. The strategic, business and organizational restructuring measures across the Group including the Company are to be implemented over a period until the end of 2021 and the continued existence of the HUBER Group depends on the fact that the restructuring measures are fully implemented.

In addition, in making their going concern assessment the Management have made a current consideration of the potential impact of the Covid-19 pandemic on the revenues and cashflows over the next 12 month period. This assessment has taken in to account the current measures including restructuring being put in place by the Company to preserve cash and maintain profitability. Management have considered the impact of additional downside scenarios and a more severe impact on the Company's revenues and cashflows. These downside scenarios include revenues reducing to 70% of the current forecasted levels, which would require further mitigating actions. These actions include further restructuring but also take into account the increasing trading opportunities.

These events and conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. However, having assessed the combination of various options management have a reasonable expectation that the Company has adequate resources to consider the business to be a going concern for the next 12 months. Accordingly, the financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

HUBER PACKAGING LIMITED

DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

DIRECTOR'S RESPONSIBILITIES STATEMENT

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

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

In preparing these financial statements, the director is required to:

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

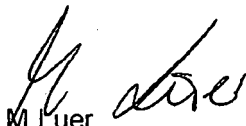
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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 report was approved by the board of directors on 18th December 2020 and signed on behalf of the board by:


M Luer
Director

Registered office:
Trinity Park Orrell Lane
Bootle
Merseyside
L20 6BP

HUBER PACKAGING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUBER PACKAGING LIMITED

YEAR ENDED 31 DECEMBER 2019

OPINION

We have audited the financial statements of Huber Packaging Limited ("the Company") for the year ended 31 December 2019, which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 of the financial statements in which the Directors' of the Company describe that the Huber Group is undergoing restructuring and that the continued existence of the Group is dependant on this restructuring being fully implemented. In addition, the Directors have described the requirement for the Company to implement restructuring to mitigate the potential impact of the COVID-19 pandemic. As stated in note 3, these events and conditions, along with other matters as set out in Note 3, indicate that material uncertainties exist that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

HUBER PACKAGING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUBER PACKAGING LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2019

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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.

HUBER PACKAGING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUBER PACKAGING LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2019

RESPONSIBILITIES OF THE DIRECTOR

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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

Ernst & Young LLP

Tehseen Ali (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

[Date] 22/12/2020

HUBER PACKAGING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
TURNOVER	4	14,751,696	12,664,035
Cost of sales		(11,710,785)	(10,407,034)
GROSS PROFIT		<u>3,040,911</u>	<u>2,257,001</u>
Administrative expenses		(3,375,132)	(2,696,553)
Exceptional administrative expenses		(50,367)	(487,360)
OPERATING LOSS	5	<u>(384,588)</u>	<u>(926,912)</u>
Other income	8	176,846	169,308
Interest payable and similar expenses	9	(197,730)	(184,832)
LOSS BEFORE TAXATION		<u>(405,472)</u>	<u>(942,436)</u>
Tax on loss	10	<u>44,066</u>	<u>127,434</u>
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>(361,406)</u>	<u>(815,002)</u>

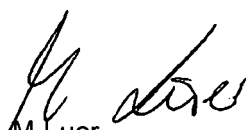
All the activities of the company are from continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

HUBER PACKAGING LIMITED
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Intangible assets	13	(85,000)	(425,000)
Tangible assets	14	6,856,550	7,063,101
		<u>6,771,550</u>	<u>6,638,101</u>
CURRENT ASSETS			
Stocks	15	1,632,811	2,020,775
Debtors	16	1,964,626	2,394,587
Cash at bank and in hand		1,077,889	867,417
		<u>4,675,326</u>	<u>5,282,779</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	<u>2,356,965</u>	<u>4,057,161</u>
NET CURRENT ASSETS		<u>2,318,361</u>	<u>1,225,618</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,089,911</u>	<u>7,863,719</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	<u>8,188,721</u>	<u>6,601,123</u>
NET ASSETS		<u><u>901,190</u></u>	<u><u>1,262,596</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1	1
Capital redemption reserve	22	2,200,000	2,200,000
Other reserves, including the fair value reserve	22	32,854	32,854
Profit and loss account	22	(1,331,665)	(970,259)
SHAREHOLDERS FUNDS		<u><u>901,190</u></u>	<u><u>1,262,596</u></u>

These financial statements were approved by the board of directors and authorised for issue on 18th December 2020, and are signed on behalf of the board by:


M Luer
Director

Company registration number: 09323061

The notes on pages 12 to 25 form part of these financial statements.

HUBER PACKAGING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Capital redemption reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
AT 1 JANUARY 2018	1	2,200,000	32,854	(155,257)	2,077,598
Loss for the year	—	—	—	(815,002)	(815,002)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	(815,002)	(815,002)
AT 31 DECEMBER 2018	1	2,200,000	32,854	(970,259)	1,262,596
Loss for the year	—	—	—	(361,406)	(361,406)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	(361,406)	(361,406)
AT 31 DECEMBER 2019	<u>1</u>	<u>2,200,000</u>	<u>32,854</u>	<u>(1,331,665)</u>	<u>901,190</u>

The notes on pages 12 to 25 form part of these financial statements.

HUBER PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Huber Packaging Limited is a limited liability company incorporated in England and Wales. The registered office is Trinity Park Orrell Lane, Bootle, Merseyside, L20 6BP.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements of Huber Packaging Limited were authorised for the issue by the Board of Directors on

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards. "The Company's financial statements are presented in Sterling (£), which is also the Company's functional currency, and all values are rounded to the nearest pound (£) except when otherwise indicated".

The following principal accounting policies have been applied:

Disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Huber Packaging Holding GmbH & Co. KG as at 31 December 2019 and these financial statements may be obtained from Otto-Meister-Strasse 2, Ohringen, 74613, Germany.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 2 and 3.

The directors are required to satisfy themselves as to whether the financial statements of the company should be prepared on the going concern basis. As part of the ongoing duties and activities of the Board there is continual assessment of the company's financial and commercial performance. The Board prepares appropriate forecasts of financial performance and assessments of future business opportunities and the parent company has provided a letter stating they have no intention to dispose or close UK business nor to request the immediate repayment of the intercompany loan in any time during the next 12 month period.

HUBER Group is currently undergoing restructuring, which is mainly triggered by the loss-making companies. The strategic, business and organizational restructuring measures across the Group including the Company are to be implemented over a period until the end of 2021 and the continued existence of the HUBER Group depends on the fact that the restructuring measures are fully implemented.

In addition, in making their going concern assessment the Management have made a current consideration of the potential impact of the Covid-19 pandemic on the revenues and cashflows over the next 12 month period. This assessment has taken in to account the current measures including restructuring being put in place by the Company to preserve cash and maintain profitability. Management have considered the impact of additional downside scenarios and a more severe impact on the Company's revenues and cashflows. These downside scenarios include revenues reducing to 70% of the current forecasted levels, which would require further mitigating actions. These actions include further restructuring but also take into account the increasing trading opportunities.

These events and conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. However, having assessed the combination of various options management have a reasonable expectation that the Company has adequate resources to consider the business to be a going concern for the next 12 months. Accordingly, the financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Judgements and key sources of estimation uncertainty (continued)

However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Negative goodwill release

Negative goodwill was created on acquisition. Management consider its useful life to be 5 years.

Taxation

The company establishes provisions based on reasonable estimates. The amounts of such provisions are based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Current and deferred taxation

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Current and deferred taxation *(continued)*

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future profits.

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

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis.

Negative goodwill.

Negative goodwill on the acquisition of the business is capitalised, classified as a negative asset on the statement of financial position and is released on a straight-line basis over its useful life.

The useful economical life of negative goodwill is as follows:

Negative goodwill	-	5 years
-------------------	---	---------

Property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset of a systematic basis over its expected useful life as follows:

Plant and machinery	-	3-18 years
Fixtures and fittings	-	3-18 years

Freehold property is not depreciated.

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

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Impairment of fixed assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is higher of its fair value less cost to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss unless the asset is carried at a revalued amount where the impairment or loss of a revalued asset is a revaluation decrease.

Any impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw material, consumables and goods for resale - purchase cost on a first in, first out basis.

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

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

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

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.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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 related parties and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. 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. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured initially at the present value of the future cash flow discounted at a market rate of interest for similar debt instrument and subsequently at amortised cost.

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

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.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

For the 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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

Defined contribution plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES *(continued)*

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

4. TURNOVER

Turnover arises from:

	2019 £	2018 £
Sale of goods	14,751,696	12,664,035

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,409,695	9,445,830
Rest of Europe	5,728,195	2,233,285
Rest of the World	613,806	974,920
	14,751,696	12,664,035

5. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Amortisation of intangible assets	(340,000)	(340,000)
Depreciation of tangible assets	537,411	503,659
Operating lease rentals	56,011	83,412

6. STAFF COSTS

The average number of persons employed by the company during the year, including the director, amounted to:

	2019 No.	2018 No.
Production staff	66	70
Administrative staff	15	17
	81	87

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

6. STAFF COSTS (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	2,660,992	2,858,856
Social security costs	262,279	262,234
Other pension costs	92,542	158,806
	<u>3,015,813</u>	<u>3,279,896</u>

7. DIRECTOR'S REMUNERATION

The director's aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration	<u>12,500</u>	<u>86,430</u>

The director of the company is also an employee of the company's parent undertaking. The director's remuneration for the year was paid by this company and the relevant amounts are not disclosed in these financial statements.

8. OTHER INCOME

	2019 £	2018 £
Other interest receivable and similar income	<u>176,846</u>	<u>169,308</u>

Other income represents deferred income from grant release to profit and loss and exchange rate gains. 2019 was the last year for grant income release.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Interest due to group undertakings	<u>197,730</u>	<u>184,832</u>

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

10. TAX ON LOSS

Major components of tax income

	2019 £	2018 £
Current tax:		
UK current tax income	(8,343)	(8,266)
Deferred tax:		
Origination and reversal of timing differences	(35,723)	(119,168)
Tax on loss	<u>(44,066)</u>	<u>(127,434)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Loss on ordinary activities before taxation	(405,472)	(942,436)
Loss on ordinary activities by rate of tax	(77,040)	(179,082)
Adjustment to tax charge in respect of prior periods	(8,326)	77
Effect of expenses not deductible for tax purposes	37,095	37,657
Rounding on tax charge	–	1
Effects of group relief / other reliefs	–	(107)
Tax rate changes	4,205	14,020
Tax on loss	<u>(44,066)</u>	<u>(127,434)</u>

11. FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the tax rate to 17% from 1 April 2020 was announced and subsequently enacted in September 2016. Deferred tax has been calculated using this rate based on this being the most up to date legislation available at the balance sheet date. Subsequently, within the Budget 2020 announcement in March 2020, the government announced that the corporation tax main rate for the years starting 1 April 2020 and 1 April 2021 would remain at 19%.

12. EXCEPTIONAL ITEMS

	2019 £	2018 £
Redundancy costs	52,716	53,500
Purchase of External French customers from the Group company in France	–	360,481
Write-off old Spares Stock no longer required	–	73,379
	<u>52,716</u>	<u>487,360</u>

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

13. INTANGIBLE ASSETS

	Negative goodwill £
Cost	
At 1 January 2019 and 31 December 2019	(1,700,000)
Amortisation	
At 1 January 2019	(1,275,000)
Charge for the year	(340,000)
At 31 December 2019	(1,615,000)
Carrying amount	
At 31 December 2019	(85,000)
At 31 December 2018	(425,000)

14. TANGIBLE ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
Cost					
At 1 January 2019	3,592,000	5,175,720	76,000	94,721	8,938,441
Additions	6,462	115,308	75,125	133,965	330,860
Transfers	–	94,721	–	(94,721)	–
At 31 December 2019	3,598,462	5,385,749	151,125	133,965	9,269,301
Depreciation					
At 1 January 2019	488,914	1,312,061	74,365	–	1,875,340
Charge for the year	193,947	341,320	2,144	–	537,411
At 31 December 2019	682,861	1,653,381	76,509	–	2,412,751
Carrying amount					
At 31 December 2019	2,915,601	3,732,368	74,616	133,965	6,856,550
At 31 December 2018	3,103,086	3,863,659	1,635	94,721	7,063,101

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

15. STOCKS

	2019 £	2018 £
Raw materials and consumables	594,073	1,065,700
Work in progress	590,417	524,252
Finished goods and goods for resale	448,321	430,823
	<u>1,632,811</u>	<u>2,020,775</u>

16. DEBTORS

	2019 £	2018 £
Trade debtors	1,675,495	1,693,231
Amounts owed by group undertakings	109,753	378,173
Prepayments and accrued income	65,891	61,280
Other debtors	113,487	261,903
	<u>1,964,626</u>	<u>2,394,587</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	1,592,521	2,721,622
Amounts owed to group undertakings	526,620	816,717
Accruals and deferred income	125,384	355,436
Social security and other taxes	112,440	99,002
Other creditors	–	64,384
	<u>2,356,965</u>	<u>4,057,161</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Intercompany loans	8,188,721	5,989,307
Other intercompany transactions (acquisition costs)	–	611,816
	<u>8,188,721</u>	<u>6,601,123</u>

Included within creditors: amounts falling due after more than one year is an amount of £6,688,721 (2018: £4,489,307) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

19. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £92,542 (2018: £158,806).

20. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost	<u>1,785,248</u>	<u>2,071,404</u>
Financial liabilities measured at amortised cost	<u>(10,433,246)</u>	<u>(10,559,283)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and deferred income, intercompany loans and other intercompany transactions.

21. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

22. RESERVES

Capital contribution

This relates to Capital contribution from the company's parent entity, Huber Packaging International GmbH, on acquisition of the trade and assets from Crown Packaging Limited.

Other reserves

Arising from adjustments to the assets and liabilities acquired.

HUBER PACKAGING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2019

23. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than 1 year	56,103	53,712
Later than 1 year and not later than 5 years	88,937	153,637
	<u>145,040</u>	<u>207,349</u>

24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by paragraph 33.1A relating to "Related party disclosures" not to disclose transactions with members of the group.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. The director of the company is employed by the company's parent undertaking and remunerated by that entity.

25. SUBSEQUENT EVENTS

Subsequent to the year the company has issued one new of ordinary share with a face value of £1 that share has been sold to the parent for a total of £1,500,000.

Also, the World Health Organisation ("WHO") declared a COVID-19 pandemic on 11 March 2020. This is affecting multiple countries, including United Kingdom. As a non-adjusting event, no adjustment has been made in respect of COVID-19 over and above what was known as at 31 December 2019. The impact of COVID-19 pandemic on Company's operations and trading is discussed in the strategic report on pages 3-4 and in the directors' report on pages 5-6. The basis for preparation set in note 3 to these financial statements summarizes the scenario for COVID-19 that has been modelled.

26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Huber Packaging Holding GmbH & Co. KG for which group financial statements will be drawn up for the year ended 31 December 2018. Once these group statements are prepared, copies can be obtained from Otto-Meister-Strasse 2, Ohringen, 74613, Germany.