Coveris Winsford Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 12372044

Coveris Winsford Limited

Company Information

Directors	M J Davis D W Dean R Matthews
Registered number	12372044
Registered office	Holland Place Wardentree Park Pinchbeck Spalding Lincolnshire PE11 3ZN
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Coveris Winsford Limited

Contents

Coveris Winsford Limited

Strategic Report
For the Year Ended 31 December 2021

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

The comparatives are for the previous period from incorporation on 19 December 2019 to 31 December 2020, the Company commenced trading on 1 March 2020 after the trade and asset acquisition concluded from a related entity.

Principal activity

The principal activity of Coveris Winsford Limited (the "Company") is the manufacture and sale of flexible packaging products that are used predominantly in the Food and Consumer markets either as direct contact or transit packaging.

Review of business and future developments

This is the first full year accounts for the Winsford site trading as a separate legal entity. Despite raw material shortages and labour resource fluctuations driven by the COVID-19 pandemic the business has seen volumes increase by 3% on a full year comparison. Turnover on a full year basis has increased by 19% due to volume increases plus significant raw material price inflation that has been passed through to customer selling prices.

The business environment continued to be highly challenging throughout 2021. The COVID-19 induced labour and raw material shortages of the previous year continued to impact heavily, magnified by significant supply chain disruption and further raw material availability and pricing challenges. Despite these challenges Coveris Winsford was able to deliver strong growth in gross margin, increasing by £2.3m on the prior period, reflecting the ability of the business to respond to the market environment with agility and professionalism. The gross margin to turnover ratio has reduced slightly only due to the arithmetic impact of increased material costs. The broad portfolio of products sold and markets served by Coveris Winsford has significantly assisted the business in managing and offsetting specific market fluctuations during the year.

The organisational restructuring process of 2020 was completed successfully, and the business is now well placed to take advantage of future industry changes.

Exceptional items of £nil (2020 - £0.3m) have been incurred in the year, the prior period exceptional items related to workforce restructuring costs of £0.25m, insurance claims income (£0.05m) and acquisition costs for the Total Polyfilm assets of £0.1m.

The overall loss before tax for the year was £0.2m (2020 - loss of £0.7m). Pre-exceptional EBITDA, which is a key measure of performance within the business, was £3.3m (2020 - £2.3m).

	2021 £000	2020 £000
Operating profit/(loss)	257	(376)
Exceptional items	-	304
Depreciation	3,030	2,411
Pre-exceptional EBITDA	**3,287**	2,339

2022 trading update

The start to 2022 has been strong, again seeing raw material costs increasing, manifesting in turnover increasing by £5.4m on 2021 March YTD. This has again been impacted by raw material cost inflation and reflects the ability of the business to effectively pass through these cost increases to customers. Material margins are also growing, as the operational excellence agenda continues to deliver improvement. The Directors expect the business environment to remain challenging throughout 2022 with supply chain disruption, material availability and inflationary pressures continuing. Coveris Winsford will focus on maintaining secure supply to its customer base, using its strong portfolio of innovative sustainable products to drive further growth in profitability.

Plastic Packaging Tax

In April 2022 the UK Government introduced the Plastic Packaging Tax (PPT), this affects UK producers of plastic packaging, importers of plastic packaging, business customers of producers and importers of plastic packaging, and consumers who buy goods in plastic packaging in the UK.

This is a new tax that applies to plastic packaging produced in, or imported into the UK, that does not contain at least 30% recycled plastic. It does not apply to any plastic packaging which contains at least 30% recycled plastic, or any packaging where plastic is not the heaviest material used by weight. The tax will provide a clear economic incentive for businesses to use recycled material in the production of plastic packaging, which will create greater demand for this material and in turn stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration. As a business we understand the significantly important part packaging provides in the protection and provision of extension of shelf life that our products afford, however, we also recognise our responsibility to minimise the environmental impact of our products. Our lightweight product portfolio supports a lower carbon footprint compared to alternative packaging solutions and we continuously seek new ways to reduce packaging and offer more sustainable materials. The Company and the wider Coveris business dedicates significant resources to further developing eco efficient recyclable packaging solutions and increase the amount of recycled materials in the production of our packaging.

Going concern

Having successfully navigated the COVID-19 pandemic through the last 2 years, whilst continuing to develop and grow its portfolio of sustainable packaging products, the Directors have assessed key factors such as liquidity, revenue and profitability as well as considering appropriate sensitivities on these measures and it is the opinion of the Directors that the business, with continuing group support and ongoing availability from the group wide cash pooling facility, will continue as a going concern.

Principal risks and uncertainties

The principal and financial risks and uncertainties are managed on a Coveris group wide basis. The management of the business and the execution of the group's strategy are subject to a number of principal risks and uncertainties, the most significant being raw material price inflation, foreign exchange fluctuations, product quality and customer relationship/demand management.

Raw material price inflation, either caused by fluctuations in commodity prices or foreign exchange rates, can have an impact on the cost price of the group's products. The group has a dedicated team of procurement experts who coordinate Group purchasing activities to build strong relationships with key suppliers and also ensure that we have sufficient raw materials to meet forecasted demand. Purchasing contracts are agreed in advance in order to minimise the risk of commodity price fluctuations having a negative impact on the group. The group also regularly reviews its operational footprint and asset base, and invests in new machinery and techniques in order to minimise raw material stock wastage.

Principal risks and uncertainties (continued)

Product quality is of critical importance to the business, as a failure in product performance could have a significant impact on our customer and as a result on Coveris Winsford. Our raw materials are sourced from a stable supplier base and pass through a number of quality control processes, both at our suppliers and at our manufacturing locations. Suppliers are selected based upon previous experience and we operate approved supplier lists. Batches of products are tested daily for quality to ensure they meet the group's stringent standards, prior to being dispatched to our customers.

Maintaining excellent working relationships with customers is of paramount importance to the Group, therefore being able to forecast customer demand and respond with pace to customer requests is key to achieving this. The Group uses a range of techniques to forecast customer demand including customer schedules, historical demand profiling and wider economic activity predictors. The Group has also invested in advanced manufacturing equipment, operational excellence techniques, and co-worker training and development programmes in order to respond to changes in customer demand whilst maintaining its strict quality standards.

Financial risk management

Due to being part of the Coveris group, the financial risk management of the Company is managed on a group wide basis by the Coveris S.A. central finance team. The financial risk management risks and policies are disclosed in the consolidated financial statements of Coveris S.A. The elements which are controlled by the company are disclosed below:

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise of cash balances and intercompany loans. Interest bearing liabilities comprise of bank overdrafts, lease liabilities, intercompany loans (including cash pooling balances) and bank loans. The cash assets are subject to interest rate fluctuations as are the bank loans and overdraft liabilities. The UK group intercompany loan assets and liabilities are free from interest. Intercompany loan liabilities with entities outside the UK group have fixed interest rates of 4.0%. The Group reviews its interest rate policy on a regular basis.

The Company is exposed to liquidity risk. The Company has committed financing through its parent undertakings and the group finance team regularly monitor available cash balances and available facilities to ensure that the group has sufficient funds to meet its obligations.

The Company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed over the ability of the customer to pay. Regular reviews of credit limits and monitoring of the aged debtors ledger are utilised to minimise the risk to the group on an ongoing basis. Credit insurance is also utilised to further mitigate the risk of loss to the group.

Key performance indicators ("KPI'S")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPI's, other than that included within the review of business, is not necessary for an understanding of the development, performance or position of the business.

Directors' statement of compliance with duty to promote the success of the Company

The Company operates in a sector characterised by long term relationships between stakeholders. Maintaining a reputation for high standards of business conduct is vital and the Company expects all stakeholders to always behave with integrity, acting openly, honestly and ethically. The Company has zero tolerance to fraud and consistently maintains effective oversight and scrutiny of processes, executed with independence and impartiality. Integrity is underpinned with policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training.

The Directors recognise their responsibility to act in a way which promotes the success of the Company for all stakeholders, in line with Section 172(1) of the Company Act 2006, and as such, has evaluated its key stakeholders, why we need to engage with them and how we have engaged with them during the year. As a wholly owned subsidiary, the Directors do not consider the factor set out in Section 172(1)(f) (the need to act fairly between the members of the Company) relevant to the proper discharge of their duty under Section 172.

Stakeholder Group	Why we engage	How we engage
Employees	The long-term success of the Company relies upon our employees being committed to our strategy and core values. We engage regularly with our employees to ensure we create a safe environment in which they are happy to work. We strive for highly skilled employees with a low turnover rate which are key factors in being a leading producer of packaging products.	We hold regular communications meetings in order to share performance, strategy and seek feedback. We seek employee feedback through the means of Employee Consultation Forums, Employee Surveys, and dialogues with Trades Unions (where these are present on site).
Customers	Building solid and long-standing relationships with our customers is fundamental to the success of the Company. We pride ourselves on providing excellent customer service and products that meet all customer requirements to maintain customer loyalty and build brand reputation.	Our sales team have regular communication with our customers to ensure we are meeting their requirements and working collaboratively for future developments. Customer visits and on-site audits are regular occurrences and actively encouraged.
Suppliers	In order to be flexible and adaptable to our customer needs, we retain a large and versatile global supply base to ensure we meet the quality and technical requirements that our customers set for us.	Our supply chain team have regular correspondence and undertake site audits with our supply base. Face-to-face meetings, telephone calls and emails are also commonplace. We work collaboratively and set reasonable expectations in open and honest working relationships.

Directors' statement of compliance with duty to promote the success of the Company (continued)

Stakeholder Group	Why we engage	How we engage
Community	The Company cares about its local community and is passionate about making the local area a great place to live and work. We want to build trust amongst the community and work collaboratively.	The Coveris Group has created a Community Support fund. Employees are invited to propose good causes based in their communities which have a positive impact on wellbeing, participation in sport, and supporting disadvantaged groups.
Environment	The Company is aware of its responsibilities to the environment and the impact it has on the wider world. Given the industry we operate in, we believe we have a moral obligation to reduce our environmental impact and always seek more environmentally friendly practices where appropriate.	At Coveris, our aim is to drive toward a net zero environmental impact. This means educating our people to stay within our permitted limits for operations, using best available techniques to tackle our environmental impacts, prioritising our efforts where we can make the most difference in reducing our contribution to climate change, and to protect a cleaner, healthier and more resilient environment that benefits society and our economy. We celebrate World Earth day across our UK organisation where we encourage the workforce to join our identified initiatives to make an environmental difference.

During 2021, the continuing impact of the COVID-19 pandemic drove a number of actions by the Directors such as furloughing of employees and using government grant schemes. Our co-workers were kept informed at all times, and a range of detailed health and safety practices were implemented across the business to both protect our team and allow the business to continue to function effectively and safely. There was extensive engagement with customers and suppliers throughout the pandemic to ensure our customers were kept in supply throughout this period.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Streamlined Energy and Carbon Reporting ("SECR") disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

Scope 1: These include emissions from activities owned or controlled by the organisation that release emissions into the atmosphere. They are direct emissions. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

Scope 2: These include emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the organisation's activities, but which occur at sources we do not own or control.

Scope 3: Emissions that are a consequence of our actions, which occur at sources which we do not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the organisation, waste disposal which is not owned or controlled, or purchased materials.

	Year to 31 December 2021	Period to 31 December 2020
Energy consumption used to calculate emissions (kWh)	34,263,748	32,099,821
Emissions from combustion of gas (Scope 1) tCO2e	59	64
Emissions from combustion of fuel for transport purposes (Scope 1) tCO2e	33	43
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO2e	20	-
Emissions from purchased electricity (Scope 2, location-based) tCO2e	7,156	7,357
Emissions from purchased electricity (Scope 2, market-based) tCO2e	4,884	-
Total gross tCO2e based on above (location-based)	7,269	7,464
Total gross tCO2e based on above (market-based)	4,997	-
Intensity ratio (tCO2e/total production tonnes) (location-based)	0.16936	0.17813
Intensity ratio (tCO2e/total production tonnes) (market-based)	0.11642	-

Energy efficiency action summary for the year to 31 December 2021

In 2021, Coveris Winsford Limited confirmed the continuous efforts to achieve direct and indirect savings in energy and associated carbon emissions through operational and technological improvements. Changeover of FLT from LPG to all electric, with the power being supplied from renewable sources backed by REGO's. Improvements in our energy efficiency and carbon footprint in comparison to 2020 are attributable to the reduction of emissions from transport purposes, partly due to the continuation of coronavirus restrictions and a decrease in business travel. Due to the Covid-19 pandemic, we decreased business travel and recognised this time as an opportunity to make improvements in internal communication, including increasing the use of video conferencing. Our company recognises the importance of employee engagement and created green teams to provide training sessions for our employees on sustainability, including energy efficiency.

Methodology notes

Reporting Period	1 January 2021 - 31 December 2021
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Coveris Winsford Limited annual accounts made up to 31 December 2021
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2020 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
Conversion factor source	Natural Gas and gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel: U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from mileage data to kWh and GHG emissions using the method above.
Reason for the intensity measurement choice	Following the recommendations of the SECR legislation and based on the nature of our business, Production (tCO2e/production tonnes) gives the best overview on our efficiency performance on a longer scale.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).
Amount of renewable electricity (kWh) imported from the grid and backed by REGOs.	10,699,129

This report was approved by the board on 13th May 2022 and signed on its behalf.

R Matthews
Director

Directors' Report
For the Year Ended 31 December 2021

The Directors present their report and the audited financial statements for the year to 31 December 2021.

The comparatives are for the previous period from incorporation on 19 December 2019 to 31 December 2020, the Company commenced trading on 1 March 2020 after the trade and asset acquisition concluded from a related entity.

Results and dividends

The loss for the year, after taxation, amounted to £578,000 (2020 - loss £792,000).

No dividends were declared or paid during the year or prior period.

Directors

The Directors who served during the year were:

M J Davis
D W Dean
R Matthews

Engagement with employees

Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the bonus schemes linked to operating profit.

Consultation with employees or their representatives occurs at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

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 detailed within 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 Directors consider 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.

Events after the reporting period

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

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 13th May 2022 and signed on its behalf.

R Matthews
Director

Directors' Responsibilities Statement
For the Year Ended 31 December 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent Auditor's report to the members of Coveris Winsford Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its 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 Coveris Winsford Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Independent Auditor's report to the members of Coveris Winsford Limited (continued)

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by Directors that represented a risk of material misstatement due to fraud. We also applied a detailed risk assessment approach to our audit of revenue, by considering what could go wrong within each of the Company's revenue streams and designed a series of tests to combat risks of material misstatement within revenue recognition, whether that be due to fraud or error.

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:
Mark Langford
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Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

16 May 2022

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

Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Turnover	4	**99,596**	61,037
Cost of sales		**(92,326)**	(56,116)
Gross profit		**7,270**	4,921
Administrative expenses		**(7,026)**	(5,047)
Exceptional administrative expenses	5	**-**	(304)
Other operating income	6	**13**	54
Operating profit/(loss)	7	**257**	(376)
Interest payable and similar expenses	11	**(435)**	(359)
Loss before tax		**(178)**	(735)
Tax on loss	12	**(400)**	(57)
Loss for the financial year/period		**(578)**	(792)

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

The notes on pages 17 to 38 form part of these financial statements.

Coveris Winsford Limited
Registered number:12372044

Statement of Financial Position
As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	13		**20,966**		21,721
Current assets					
Stocks	14	**13,534**		9,122	
Debtors: amounts falling due within one year	15	**20,322**		14,327	
Cash at bank and in hand		**218**		252	
		34,074		23,701	
Creditors: amounts falling due within one year	16	**(30,407)**		(18,907)	
Net current assets			**3,667**		4,794
Total assets less current liabilities			**24,633**		26,515
Creditors: amounts falling due after more than one year	17		**(4,546)**		(6,250)
Provisions for liabilities					
Deferred taxation	20		**(457)**		(57)
Net assets			**19,630**		20,208
Capital and reserves					
Called up share capital	21		**-**		-
Share premium account	22		**21,000**		21,000
Profit and loss account	22		**(1,370)**		(792)
Total equity			**19,630**		20,208

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13th May 2022

R Matthews
Director

The notes on pages 17 to 38 form part of these financial statements.

Coveris Winsford Limited

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Comprehensive loss for the period				
Loss for the period	-	-	(792)	(792)
Total comprehensive loss for the period	-	-	(792)	(792)
Contributions by and distributions to owners				
Shares issued during the period	-	21,000	-	21,000
Total transactions with owners	-	21,000	-	21,000
At 1 January 2021	-	21,000	(792)	20,208
Comprehensive loss for the year				
Loss for the year	-	-	(578)	(578)
Total comprehensive loss for the year	-	-	(578)	(578)
At 31 December 2021	-	21,000	(1,370)	19,630

The notes on pages 17 to 38 form part of these financial statements.

1. General information

Coveris Winsford Limited is a private company, limited by shares, and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 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 following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Coveris S.A. These financial statements do not include certain disclosures in respect of:

- the requirements of IFRS 7 Financial Instruments: Disclosures.

2. Accounting policies (continued)

2.3 Going concern

Having successfully navigated the COVID-19 pandemic through the last 2 years, whilst continuing to develop and grow its portfolio of sustainable packaging products, the Directors have assessed key factors such as liquidity, revenue and profitability as well as considering appropriate sensitivities on these measures and it is the opinion of the Directors that the business, with continuing group support and ongoing availability from the group wide cash pooling facility, will continue as a going concern.

2.4 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2021. None of these had a material impact on the Company.

2.5 Foreign currency translation

Functional and presentation currency

The financial statements are prepared in Sterling (£) which is the functional currency of the Company and rounded to the nearest £000's unless otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'cost of sales'.

2.6 Turnover

Turnover represents sales to external customers and is measured at fair value of the consideration received excluding discounts, rebates, VAT and other sales taxes or duty. Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on receipt of the goods at customer's premises. Turnover is stated after deducting all related agreements, for example retrospective adjustments to revenue. At the reporting date the amounts expected to be reclaimed under agreements with customers are accrued for and deducted from revenue. In line with GSCOP guidance these amounts are held in accruals to the shorter of settlement with the customer or two full accounting periods since the accrual was created.

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 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.

2.9 Other operating income

Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

2.10 Finance costs

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

2. Accounting policies (continued)

2.11 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.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 2% to 10% on cost
Plant and machinery	- 10% to 50% on cost
Fixtures and fittings	- 20% to 33% on cost
Right of use assets	- over the period of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

No depreciation is charged on assets under the course of construction until they are complete and available for use. Land is not depreciated.

2.13 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 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.

The company benefits from having access to a group wide cash pooling facility which is controlled by the ultimate parent company. Although the accounts are held and managed locally, the substance of the arrangement is that of an intercompany balance due to the requirement to request authority and give notice of the companies' intended use to the parent company. The nature of this facility therefore does not satisfy the definition of cash and cash equivalents and has instead been presented within the amounts due to/from group undertakings.

2. Accounting policies (continued)

2.15 Financial instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, or amortised costs. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables and amounts due from group undertakings.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial Liabilities

Initial recognition and measurement

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Financial liabilities consist of trade and other payables, amounts due to group undertakings, lease liabilities and bank borrowings.

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Initial recognition and measurement (continued)

Financial liabilities are classified at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Amortised cost

Other financial liabilities at amortised cost are recognised when the Company becomes party to the related contract, and are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2. Accounting policies (continued)

2.16 Leases

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;
(b) the Company obtains substantially all the economic benefits from use of the asset; and
(c) the Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease Measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2. Accounting policies (continued)

2.16 Leases (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Impairment of assets (notes 13 and 15) - judgement and estimate

The future recoverability of assets (being debtors and tangible fixed assets) requires the use of judgement as it requires management to make estimates and judgements in relation to future cash flows. These estimates could be impacted by events and circumstances outside of the control of management, for example a deterioration in the financial health of a major customer or significant deterioration in the UK economy as a whole. In making their assessment management have utilised the latest financial performance budgets.

Useful economic lives of tangible fixed assets and residual values (note 13) - estimate

The tangible fixed assets are depreciated over their useful economic lives to their expected residual value. A change in technology or other such events could have an impact on both. Each year the assets are reviewed, and their useful economic lives and residual values are adjusted, as and when required.

Revenue recognition - estimate

Revenue is recognised based upon agreed terms with customers and accepted delivery of goods. However, as is common place within the UK Food Industry, agreements are often entered into with customers which retrospectively adjust the invoiced price. These adjustments are often based upon the achievement of variable criteria, for example sales growth year on year or the achievement of sales volume targets. The period of these agreements is often not coterminous with the Company's financial year and therefore estimates are required of the likely amounts to be claimed by customers based upon sales made during the year. The settlement of these liabilities could be at differing values to those predicted at the year-end for a number of reasons, for example post year end under/over performance in sales forecasts or negotiations made subsequent to the year end.

Carrying value of stocks (note 14) - estimate

Management review the market value of and demand for stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the Company's products and achievable selling prices.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
United Kingdom	**91,197**	53,365
Rest of Europe	**8,160**	7,463
Rest of the world	**239**	209
	99,596	61,037

5. Exceptional administrative expenses

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Total Polyfilms acquisition costs	**-**	96
Restructuring costs	**-**	257
Cyber attack insurance income	**-**	(49)
	-	304

During the prior period, the Company undertook a restructuring of its workforce and senior management team. This resulted in restructuring, compensation and redundancy costs of £257,000.

Also during the prior period the Company received insurance proceeds against IT interruption costs as a result of a cyber attack, which occurred in 2018, of £49,000.

Acquisition costs of £96,000 were incurred in relation to acquiring extrusion lines from Total Polyfilm in the prior period.

6. Other operating income

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Government grants receivable for furloughed employees	13	54

7. Operating profit/(loss)

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

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Depreciation of tangible fixed assets	3,016	2,399
Depreciation of right of use assets	14	12
Foreign exchange (gains)/losses	(253)	65
Low value and short term lease expense	125	54
Cost of stocks recognised as an expense	72,670	39,174

8. Auditor's remuneration

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	49	47

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the consolidated accounts of the parent Company.

9. Employees

Staff costs, including Directors' remuneration, were as follows:

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Wages and salaries	**9,803**	7,910
Social security costs	**930**	729
Cost of defined contribution scheme	**370**	300
	11,103	8,939

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

	Year ended 31 December 2021 No.	Period ended 31 December 2020 No.
Directors	**3**	3
Production	**232**	224
Administration	**40**	40
	275	267

10. Directors' remuneration

Included within the wages and salaries note above are directors emoluments. Some directors are paid by other group companies with no direct recharge of these costs. Those paid directly by the Company are presented below:

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Directors' emoluments	738	183
Company contributions to defined contribution pension schemes	10	8
	748	191

During the year retirement benefits were accruing to 1 Director (2020 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £738,000 (2020 - £183,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,000 (2020 - £8,000).

11. Interest payable and similar expenses

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Bank interest payable	371	306
Loans from group undertakings	62	46
Lease liabilities	2	7
	435	359

12. Taxation

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Corporation tax		
Current tax on losses for the period	-	-
Deferred tax		
Origination and reversal of timing differences	**118**	57
Adjustments in respect of previous periods	**232**	-
Impact of change in tax rate	**50**	-
Taxation on loss	**400**	57

Factors affecting tax charge for the year/period

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

	Year ended 31 December 2021 £000	Period ended 31 December 2020 £000
Loss before tax	**(178)**	(735)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(34)**	(140)
Effects of:		
Expenses not deductible for tax purposes	**56**	7
Deferred tax on assets transferred intragroup during the period	-	(19)
Group relief for nil consideration	**158**	209
Re-measurement of deferred tax	**50**	-
Adjustments to tax charge in respect of prior years	**232**	-
Capital allowances - 'super deduction'	**(79)**	-
Other differences leading to an increase in the tax charge	**17**	-
Total tax charge for the year/period	**400**	57

12. Taxation (continued)

Factors that may affect future tax charges

The statutory UK corporation tax rate is currently 19%, however, the UK Government announced on 3 March 2021 its intention to increase the UK corporation tax rate to 25%, from 1 April 2023. This was substantially enacted on 24 May 2021.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantially enacted, at 31 December 2021. For the year ended 31 December 2021, the above rates have been utilised to calculate the closing deferred taxation balances (giving an effective rate of 22.3%).

13. Tangible fixed assets

	Land and buildings £000	Assets under construction £000	Plant and machinery £000	Fixtures and fittings £000	Right of use assets £000	Total £000
Cost						
At 1 January 2021	8,176	1,352	30,141	2,308	145	42,122
Additions	119	209	1,806	141	-	2,275
Transfers between classes	2	(1,079)	1,077	-	-	-
At 31 December 2021	8,297	482	33,024	2,449	145	44,397
Depreciation						
At 1 January 2021	1,559	-	17,787	958	97	20,401
Charge for the year	242	-	2,461	313	14	3,030
At 31 December 2021	1,801	-	20,248	1,271	111	23,431
Net book value						
At 31 December 2021	6,496	482	12,776	1,178	34	20,966
At 31 December 2020	6,617	1,352	12,354	1,350	48	21,721

Included in costs of land and buildings is freehold land of £1,600,000 which is not depreciated.

13. Tangible fixed assets (continued)

Right-of-use assets

The net book value and depreciation charge for the right-of-use assets by class of underlying asset is as follows:

	2021 £000	2020 £000
Net book value		
Plant and machinery	34	48

	2021 £000	Period ended 31 December 2020 £000
Depreciation charge		
Plant and machinery	(14)	(12)

14. Stocks

	2021 £000	2020 £000
Raw materials and consumables	9,095	5,372
Work in progress (goods to be sold)	23	13
Finished goods and goods for resale	4,416	3,737
	13,534	9,122

There is no material difference between the replacement cost of stocks and the amounts stated above.

The impairment loss recognised in the Statement of Comprehensive Income for the period in respect of slow-moving and obsolete stock was £50,000 (2020 - £153,000).

15. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	**17,549**	12,822
Amounts owed by group undertakings	**1,873**	1,167
Other debtors	**14**	20
Prepayments	**758**	254
Tax recoverable	**128**	64
	20,322	14,327

Amounts owed by group undertakings were repayable within one year are unsecured, interest free and repayable on demand.

The impairment loss recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was £34,000 (2020 - £12,000).

16. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	**2,106**	6,082
Bank loans	**4,669**	767
Trade creditors	**12,383**	9,359
Amounts owed to group undertakings	**8,135**	424
Other taxation and social security	**1,005**	535
Lease liabilities (note 19)	**9**	14
Other creditors	**792**	132
Accruals and deferred income	**1,308**	1,594
	30,407	18,907

Amounts owed to group undertakings includes £7,693,000 (2020 - £32,000) of cashpool balances and as such this element of amounts owed to group undertakings are secured and accrue interest at variable rates. The remaining amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The bank overdrafts are secured by a fixed and floating charge over the inventories and trade debtors of the Company and accrue interest at variable rates.

The lease liabilities and bank loans are secured against certain fixed assets of the Company and accrue interest at variable rates.

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

	2021 £000	2020 £000
Bank loans	-	4,669
Lease liabilities (note 19)	25	34
Amounts owed to group undertakings	4,521	1,514
Other creditors	-	33
	4,546	6,250

Amounts owed to group undertakings relate to loan balances with entities located outside of the UK totalled £4.5m (2020 - £1.5m) and attracted interest at a rate of 4% (2020 - 4%).

The lease liabilities and bank loans are secured against certain fixed assets of the Company and accrue interest at variable rates.

18. Loans

Analysis of the maturity of loans is given below:

	2021 £000	2020 £000
Amounts falling due within one year		
Bank loans	**4,669**	767
Amounts falling due 1-2 years		
Bank loans	-	4,669
	4,669	5,436

The bank loans are secured against certain fixed assets of the Company.

19. Leases

Company as a lessee

The total cash outflow for leases for plant, equipment and vehicles in 2021 was £16,000 (2020 - £497,000).

	2021 £000	2020 £000
Carrying amounts of the lease liabilities and the movements:		
At beginning of year/period	48	-
Transfer from group subsidiary undertaking	-	497
Additions	-	41
Interest expense	2	7
Lease payments	(16)	(497)
Lease liability as at 31 December	34	48

	2021 £000	2020 £000
Of which are:		
Current lease liabilities	9	14
Non-current lease liabilities	25	34
As at 31 December	34	48

20. Deferred taxation

	2021 £000
At beginning of year	(57)
Charged to the Statement of Comprehensive Income	(400)
At end of year	(457)

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(569)	(57)
Provisions and pensions	112	-
	(457)	(57)

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2 (2020 - 2) Ordinary shares of £1.00 each	2	2

Ordinary shares have attached to them full voting, dividend and capital distribution rights, including on a winding up. They do not confer any rights of redemption.

22. Reserves

The Company's capital and reserves are as follows:

Called up share capital

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

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

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

23. Contingent liabilities

As of 31 December 2020 the Company was co-guarantor of a UK based asset based financing agreement. On 12 September 2019 the facility was renewed and extended. In the opinion of the Directors no loss is expected to arise as a result of the security being granted. A copy of this security is filed at Companies House and can be accessed at www.companieshouse.gov.uk.

24. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £000	2020 £000
Contracted but not provided for in the financial statements	215	982

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £370,000 (2020 - £300,000).

The amounts outstanding at the period end, included within other creditors, were £136,000 (2020 - £137,000).

26. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Coveris Flexibles Holdings UK Limited, a company incorporated in England and Wales and registered at Holland Place Wardentree Park, Pinchbeck, Spalding, Lincolnshire, PE11 3ZN.

The ultimate parent undertaking and controlling party of the Company is a private equity investment fund, Sun Capital Partners V, L.P., an affiliate of Sun Capital Partners Inc.

The largest and smallest company to consolidate the results and financial position of the Company is that headed by Coveris S.A. These consolidated financial statements are available from www.lbr.lu.