

Company registration number 07012425 (England and Wales)

EURO PACKAGING UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

EURO PACKAGING UK LIMITED

COMPANY INFORMATION

Directors	Z K Lowe P Timmins Q Ahmed
Secretary	M A Shaikh
Company number	07012425
Registered office	20 Brickfield Road Yardley Birmingham B25 8HE
Auditor	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR
Bankers	HSBC Bank plc 4th Floor 120 Edmund Street Birmingham B3 2QZ

EURO PACKAGING UK LIMITED

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EURO PACKAGING UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

The principal activity of the group continued to be that of the supply of consumable and goods for resale products, both in-house manufactured and third party sourced, to the retail market sector. Additionally, the organisation provides a comprehensive consolidation solution for Goods Not For Resale (GNFR) to both food and non-food retailers.

In September 2022 Euro Packaging UK Limited acquired the entire shareholding of EP Groupe France SAS, extending the groups trade further in Europe.

There have not been any significant changes to the group's principal activities during the year under review. The Directors are not aware, at the date of this report, of any likely changes to the principal activities in the next year.

Turnover for the year has increased to £160m (2021: £137m). This is due to the successful wins in new business.

Distribution costs have increased by £1.4m when compared to 2021. This primarily stems from the heightened demand for transportation services, driven by global market dynamics within the shipping and transportation industry.

Administrative expenses have increased by £2.0m. There have been significant increases in utility expenses due to market conditions, as well as expenditure on repairs of existing vehicles and machinery. The group also incurred £950k additional management charges compared to 2021.

The Directors are extremely satisfied with the year's profit before tax of £4.9m (2021: £4.0m).

At the year-end, the group has net assets of £16.6m (2021: £12.6m). The Directors are satisfied that this places the group in a strong and stable financial position.

The group remains committed to enhancing and broadening its product portfolio to align with the evolving needs of the consolidation market and the shifting industry standards in response to evolving packaging requirements.

Furthermore, the group will persist in delivering product innovations while also furnishing our customers with cutting-edge management information and electronic ordering capabilities to maintain our position as market leaders.

Principal risks and uncertainties

The group uses various financial instruments group loans, hire purchase, plus various other items, such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing these risks. These policies have remained unchanged from previous years. The group does not use derivative financial instruments for speculative purposes.

Perceived environmental issues

There has been a UK government led campaign over the last few years targeting the reduction in the usage of plastic products because of their perceived negative environmental impact. There is a risk of further reduction in plastic bag and other similar packaging usage both in the UK and overseas markets as further targets and/ or environmental taxes are introduced. The group is at the forefront in the offering of alternative materials and product solutions to its customers to assist them in meeting their environmental obligations whilst meeting the needs of consumers.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators (continued)

The turnover growth achieved in 2022 illustrates the successful business growth strategies implemented, targeting both increasing volume with existing and new customers.

The gross profit margin has been impacted by the global inflationary cost increases.

The improved net profit margin has been achieved through effective cost control measures and negotiations with overhead suppliers in respect of supply prices.

The group has maintained significant net current assets, illustrating continued and increased liquidity, achieved by efficient working capital controls and procedures.

The increase in net assets illustrates the group's strengthened financial position.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

s172 statement

Promoting the success of the group

Directors' duties

The Directors of the group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows;

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.'

The following paragraphs summarise how the Directors' fulfil their duties;

Risk Management

As a privately owned business, the group has the flexibility to adopt a longer term view in respect of key business decisions. Our strategic plan is focused on creating long term value for all stakeholders including employees, customers and suppliers.

Our People

We recognise that our employees are the key to helping us achieve our strategic plan. We place considerable value on the development and wellbeing of our employees and continue to keep them informed on matters affecting them as employees and the performance of the group. During the year we have introduced an employee hardship fund and have regularly engaged with employees to obtain feedback in respect of areas which require further improvement.

Business Relationships

Fostering positive relationship with all our stakeholders has underpinned our success to date. Our decision making and business conduct takes into account the views, requirements and impact on our stakeholders and this enables us to continue developing and maintaining business relationships.

Community and Environment

The group recognises the impact of its principal activities on the community and environment.

As a result, the group manages its activities to ensure risks to the community and environment are minimised. We have introduced initiatives to minimise our footprint which include; use of solar power in our factory, introduction of a zero carbon emission group car fleet, segregation and recycling of all waste from manufacturing sites, and reuse of inbound packaging in outbound deliveries. Further initiatives are planned for the short to medium term.

Shareholders

The Directors consider, both individually and together, that they act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its shareholders.

Appropriate measures are in place to ensure the Directors are fully aligned with shareholders.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

P Timmins
Director

30 September 2023

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Z K Lowe

A Miniere

(Resigned 1 July 2022)

P Timmins

Q Ahmed

Political donations

The group made £15,000 (2021: £5,000) political donations during the year.

Research and development

The group continues to utilise its in-house technical expertise to remain at the forefront of packaging innovation. By constantly investing in talented individuals, advancing technology and our clients' visions, the group continues to develop innovative and future proofed packaging solutions.

Disabled persons

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

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Future developments

The directors anticipate increasing profitability in the forthcoming year, as the group continues to develop its existing markets and strategy.

Auditor

The auditor, Cowgill Holloway LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Energy and carbon report

The group presents its emissions and energy consumption below.

	2022	2021
<i>Energy consumption</i>	kWh	kWh
Aggregate of energy consumption in the year	20,188,491	10,063,445
	2022	2021
<i>Emissions of CO2 equivalent</i>	metric	metric
	tonnes	tonnes
Scope 1 - direct emissions		
- Gas combustion	-	-
- Fuel consumed for owned transport	3,965.41	1,871.20
	3,965.41	1,871.20
Scope 2 - indirect emissions		
- Electricity purchased	527.28	470.15
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the group	-	-
	-	-
Total gross emissions	4,492.69	2,341.35
<i>Intensity ratio</i>		
Tonnes CO2e per £100,000	2.81	1.70

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Vehicle fuel - all vehicles have mileage recorded and mileage has been compared to emissions to calculate the total emissions for the year.

Electricity - we have analysed the electricity invoices received from our supplier and recorded electricity usage.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £100,000, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel by employees. Additionally all new car leases taken out in the year have been for fully electric vehicles.

We have seen a significant increase in emissions arising from our company trucks based on overall mileage. This is due to the group launching a final mile transport project during the year. Going forward we hope to be able to optimise routes to reduce mileage and therefore emissions.

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

P Timmins
Director

30 September 2023

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EURO PACKAGING UK LIMITED

Opinion

We have audited the financial statements of Euro Packaging UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or 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.

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EURO PACKAGING UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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 parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EURO PACKAGING UK LIMITED

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's license to operate. We identified the following areas as those most likely to have such an effect: laws related to packaging intended to come into contact with food and the regulated nature of the packaging industry, especially in relation to waste and plastic materials. The group is also subject to employment law, data protection, health and safety, property rental regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We design procedures in line with our responsibilities, outlined below to detect material misstatement due to fraud:

- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud
- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud;

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.

Caroline Snape (Senior Statutory Auditor)
For and on behalf of Cowgill Holloway LLP

30 September 2023

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

EURO PACKAGING UK LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	4	159,905,248	137,442,437
Cost of sales		(125,195,960)	(104,832,431)
Gross profit		34,709,288	32,610,006
Distribution costs		(6,588,793)	(5,176,008)
Administrative expenses		(18,316,822)	(16,268,979)
Other operating income		-	172,329
Operating profit before donations	6	9,803,673	11,337,348
Charitable donations	5	(4,000,000)	(6,412,268)
Operating profit after donations	6	5,803,673	4,925,080
Interest receivable and similar income	10	398,200	9,386
Interest payable and similar expenses	11	(1,332,034)	(947,532)
Profit before taxation		4,869,839	3,986,934
Tax on profit	12	(869,392)	(787,690)
Profit for the financial year		4,000,447	3,199,244

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

EURO PACKAGING UK LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		13,456,459		5,983,687
Current assets					
Stocks	16	32,691,406		19,927,473	
Debtors	17	54,960,107		45,042,583	
Cash at bank and in hand		7,274,643		5,674,153	
			94,926,156		70,644,209
Creditors: amounts falling due within one year	18	(41,071,849)		(29,288,109)	
Net current assets			53,854,307		41,356,100
Total assets less current liabilities			67,310,766		47,339,787
Creditors: amounts falling due after more than one year	19		(48,992,158)		(34,006,853)
Provisions for liabilities					
Deferred tax liability	22	1,682,109		774,769	
			(1,682,109)		(774,769)
Government grants	23		(77,887)		-
Net assets			16,558,612		12,558,165
Capital and reserves					
Called up share capital	25		2,000,002		2,000,002
Profit and loss reserves			14,558,610		10,558,163
Total equity			16,558,612		12,558,165

The financial statements were approved by the board of directors and authorised for issue on 30 September 2023 and are signed on its behalf by:

P Timmins
Director

Company registration number 07012425 (England and Wales)

EURO PACKAGING UK LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		13,189,054		5,983,687
Investments	14		854		-
			<u>13,189,908</u>		<u>5,983,687</u>
Current assets					
Stocks	16	31,829,142		19,927,473	
Debtors	17	55,836,526		45,042,583	
Cash at bank and in hand		5,043,556		5,674,153	
			<u>92,709,224</u>	<u>70,644,209</u>	
Creditors: amounts falling due within one year	18	(40,935,692)		(29,288,109)	
Net current assets			<u>51,773,532</u>	<u>41,356,100</u>	
Total assets less current liabilities			<u>64,963,440</u>	<u>47,339,787</u>	
Creditors: amounts falling due after more than one year	19		(46,418,951)		(34,006,853)
Provisions for liabilities					
Deferred tax liability	22	1,682,109		774,769	
			<u>(1,682,109)</u>	<u>(774,769)</u>	
Net assets			<u>16,862,380</u>	<u>12,558,165</u>	
Capital and reserves					
Called up share capital	25		2,000,002		2,000,002
Profit and loss reserves			14,862,378		10,558,163
Total equity			<u>16,862,380</u>	<u>12,558,165</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,304,215 (2021 - £3,199,244 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 September 2023 and are signed on its behalf by:

P Timmins
Director

Company registration number 07012425 (England and Wales)

EURO PACKAGING UK LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	2,000,002	7,358,919	9,358,921
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2021:			
Profit and total comprehensive income	-	3,199,244	3,199,244
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	2,000,002	10,558,163	12,558,165
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2022:			
Profit and total comprehensive income	-	4,000,447	4,000,447
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	2,000,002	14,558,610	16,558,612
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

EURO PACKAGING UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	2,000,002	7,358,919	9,358,921
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	3,199,244	3,199,244
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	2,000,002	10,558,163	12,558,165
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2022:			
Profit and total comprehensive income	-	4,304,215	4,304,215
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	2,000,002	14,862,378	16,862,380
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

EURO PACKAGING UK LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	32		(3,325,818)		(9,771,205)
Interest paid			(1,332,034)		(947,532)
Income taxes paid			(44,193)		(68,428)
			<u> </u>		<u> </u>
Net cash outflow from operating activities			(4,702,045)		(10,787,165)
Investing activities					
Purchase of tangible fixed assets		(6,847,725)		(3,020,056)	
Proceeds from disposal of tangible fixed assets		264,036		1,250	
Loan repayments received		76,399		342,837	
Interest received		398,200		9,386	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(6,109,090)		(2,666,583)
Financing activities					
Repayment of borrowings		12,695,420		15,000,000	
Payment of finance leases obligations		(283,795)		(174,731)	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			12,411,625		14,825,269
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents			1,600,490		1,371,521
Cash and cash equivalents at beginning of year			5,674,153		4,302,632
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			7,274,643		5,674,153
			<u> </u>		<u> </u>

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Euro Packaging UK Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 20 Brickfield Road, Yardley, Birmingham, B25 8HE.

The group consists of Euro Packaging UK Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Euro Packaging UK Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over lease period
Plant and equipment	10% - 20% p.a. straight line basis
Fixtures and fittings	20% - 33% p.a. straight line basis
Motor vehicles	10% - 20% p.a. straight line basis

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell on a first in, first out basis. In respect of manufactured finished goods, cost includes all raw materials, consumables, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items, where appropriate.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provision

To ensure that adequate provision is made in the group's accounts for slow moving, damaged and obsolete stock the directors recognise specific provisions based on the age and category of stock held at the year end. At the year end the provision totalled £5,022,423 (2021: £3,247,829).

Depreciation of tangible fixed assets

The useful economic life of tangible fixed assets has to be estimated by the directors of the group to ensure and appropriate depreciation charge is recognised each year. The depreciation charge included within these financial statements amounts to £902,638 (2021: £822,755).

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Prior period adjustment

Changes to the balance sheet - group and company

	As previously reported	Adjustment at 31 Dec 2021	As restated at 31 Dec 2021
	£	£	£
Current assets			
Stocks	22,161,614	(2,234,141)	19,927,473
Debtors due within one year	40,522,003	4,520,580	45,042,583
Bank and cash	1,966,662	3,707,491	5,674,153
Creditors due within one year			
Trade creditors	(11,070,995)	(3,707,491)	(14,778,486)
Other creditors	(8,860,662)	(2,286,439)	(11,147,101)
Net assets	12,558,165	-	12,558,165
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Total equity	12,558,165	-	12,558,165
	<u> </u>	<u> </u>	<u> </u>

Notes to reconciliation

Bank clearing correction

A prior year adjustment has been made to reclassify bank clearing transactions, previously included in cash at bank and in hand, to trade creditors. The impact of this prior year adjustment has been to reduce cash at bank and in hand by £3,707,491 and increase trade creditors by £3,707,491. Previously reported profits and net assets are unchanged.

Goods in transit correction

A prepayments balance of £2,234,141 previously included in stock (goods in transit) has been reposted to debtors. This has resulted in an increase in debtors by £2,234,141 and a corresponding decrease in stock (goods in transit). The correction arose as a result of clarification of terms of ownership while goods are in transit. There is no impact on previously stated profits or net assets.

Credit balances on sales ledger correction

A payments in advance balance of £2,286,439 previously included trade debtors has been reposted to other creditors. This has resulted in an increase in debtors £2,286,439 and a corresponding increase in creditors amounts falling due in one year. The correction arose as a result of clarification of terms of the payments in advance made. There is no impact on previously stated profits or net assets.

4 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sales of goods	159,905,248	137,442,437
	<u> </u>	<u> </u>

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Turnover analysed by geographical market		
	United Kingdom	120,570,065	101,248,369
	Europe, Middle East and Africa	38,378,669	35,184,880
	Asia	665,885	766,886
	The Americas	269,971	173,068
	Other countries	20,658	69,234
		<u>159,905,248</u>	<u>137,442,437</u>
		2022	2021
		£	£
	Other revenue		
	Interest income	398,200	9,386
	Grants received	-	172,329
		<u>398,200</u>	<u>181,715</u>
	5 Charitable donations	2022	2021
		£	£
	Charitable donations	4,000,000	6,412,268
		<u>4,000,000</u>	<u>6,412,268</u>

During the year the group made charitable donations of £2,460,248 (2021: £3,719,485) to Euro Charity Trust , £1,539,752 (2021: £2,680,515) to The Trust Foundation and £Nil (2021: £12,268) to other small registered charities.

6	Operating profit	2022	2021
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses	69,415	459,986
	Government grants	-	(172,329)
	Depreciation of owned tangible fixed assets	730,929	734,413
	Depreciation of tangible fixed assets held under finance leases	171,709	88,342
	Loss/(profit) on disposal of tangible fixed assets	130,700	(1,250)
	Operating lease charges	606,053	490,234
		<u>1,308,806</u>	<u>1,599,406</u>

Government grants received in the prior year relates to claims made for the Coronavirus Job Retention scheme.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	48,700	12,000
	<u>48,700</u>	<u>12,000</u>

8 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Management	1	1	1	1
Administration	82	75	81	75
Selling	25	25	25	25
Production and distribution	329	296	328	296
Total	<u>437</u>	<u>397</u>	<u>435</u>	<u>397</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	12,373,325	10,009,034	12,349,286	10,009,034
Social security costs	1,251,735	976,841	1,242,696	976,841
Pension costs	225,684	194,050	224,671	194,050
	<u>13,850,744</u>	<u>11,179,925</u>	<u>13,816,653</u>	<u>11,179,925</u>

9 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	291,152	266,023
Company pension contributions to defined contribution schemes	3,688	3,374
	<u>294,840</u>	<u>269,397</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Directors' remuneration (Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	142,234	124,267
Company pension contributions to defined contribution schemes	1,321	1,319
	<u>143,555</u>	<u>125,586</u>

10 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest receivable from group companies	390,000	-
Other interest income	8,200	9,386
	<u>398,200</u>	<u>9,386</u>

11 Interest payable and similar expenses

	2022	2021
	£	£
Other finance costs:		
Interest on finance leases and hire purchase contracts	6,034	11,532
Interest payable to group companies	1,326,000	936,000
	<u>1,332,034</u>	<u>947,532</u>

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	123,356	43,497
Adjustments in respect of prior periods	(161,304)	15,684
Total current tax	<u>(37,948)</u>	<u>59,181</u>
Deferred tax		
Origination and reversal of timing differences	689,578	542,564
Changes in tax rates	217,762	185,945
Total deferred tax	<u>907,340</u>	<u>728,509</u>
Total tax charge	<u>869,392</u>	<u>787,690</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	<u>4,869,839</u>	<u>3,986,934</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	925,269	757,517
Tax effect of expenses that are not deductible in determining taxable profit	36,765	1,193
Unutilised tax losses carried forward	57,716	-
Adjustments in respect of prior years	(161,304)	15,684
Effect of change in corporation tax rate	217,762	185,945
Group relief	-	(30,710)
Permanent capital allowances in excess of depreciation	(222,179)	(165,339)
Depreciation on assets not qualifying for tax allowances	15,363	15,061
Other permanent differences	-	8,339
Taxation charge	<u>869,392</u>	<u>787,690</u>

Deferred tax has been recognised at a rate of 25%. In October 2022, the government announced an increase in the corporation tax main rate from 19% to 25% for companies with profit over £250,000. There is a small company rate of 19% for taxable profits under £50,000 and marginal relief available for profits falling between £50,000 - £250,000 with effect from 1 April 2023.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

Group	Leasehold improvements	Assets under construction	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	722,301	2,439,492	5,914,014	1,011,214	737,615	10,824,636
Additions	5,800	7,173,891	919,299	278,803	392,353	8,770,146
Disposals	-	(394,736)	-	-	-	(394,736)
Transfers	-	(1,693,403)	1,693,403	-	-	-
At 31 December 2022	728,101	7,525,244	8,526,716	1,290,017	1,129,968	19,200,046
Depreciation and impairment						
At 1 January 2022	125,251	-	3,497,300	688,235	530,163	4,840,949
Depreciation charged in the year	81,090	-	625,392	138,447	57,709	902,638
At 31 December 2022	206,341	-	4,122,692	826,682	587,872	5,743,587
Carrying amount						
At 31 December 2022	521,760	7,525,244	4,404,024	463,335	542,096	13,456,459
At 31 December 2021	597,050	2,439,492	2,416,714	322,979	207,452	5,983,687
Company						
Company	Leasehold improvements	Assets under construction	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	722,301	2,439,492	5,914,014	1,011,214	737,615	10,824,636
Additions	5,800	6,963,018	862,767	278,803	392,353	8,502,741
Disposals	-	(394,736)	-	-	-	(394,736)
Transfers	-	(1,693,403)	1,693,403	-	-	-
At 31 December 2022	728,101	7,314,371	8,470,184	1,290,017	1,129,968	18,932,641
Depreciation and impairment						
At 1 January 2022	125,251	-	3,497,300	688,235	530,163	4,840,949
Depreciation charged in the year	81,090	-	625,392	138,447	57,709	902,638
At 31 December 2022	206,341	-	4,122,692	826,682	587,872	5,743,587
Carrying amount						
At 31 December 2022	521,760	7,314,371	4,347,492	463,335	542,096	13,189,054
At 31 December 2021	597,050	2,439,492	2,416,714	322,979	207,452	5,983,687

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	2,677,216	487,346	2,677,216	487,346

Assets under the course of construction represent contractual deposits paid in respect of plant and machinery ordered.

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	854	-

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	15,557
Additions	854
Disposals	(13,153)
At 31 December 2022	3,258
Impairment	
At 1 January 2022	15,557
	(13,153)
At 31 December 2022	2,404
Carrying amount	
At 31 December 2022	854
At 31 December 2021	-

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
EP Groupe France SAS	1	Manufacture of paper bags	Ordinary	100.00
Euro Packaging Iberia DL	2	Dormant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 395 rue de Paradis, 13008 Marseille, France
- 2 Barrio Samano 74 A A3, 39709 Castro-Urdiales, Spain

16 Stocks

	Group 2022 £	2021 as restated £	Company 2022 £	2021 as restated £
Raw materials and consumables	6,531,134	2,123,903	5,668,870	2,123,903
Work in progress	3,962,556	4,810,912	3,962,556	4,810,912
Finished goods and goods for resale	22,197,716	12,992,658	22,197,716	12,992,658
	<u>32,691,406</u>	<u>19,927,473</u>	<u>31,829,142</u>	<u>19,927,473</u>

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Debtors

	Group 2022	2021 as restated	Company 2022	2021 as restated
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	35,347,525	28,181,338	35,347,525	28,181,338
Corporation tax recoverable	53,428	-	53,428	-
Amounts owed by group undertakings	41,359	1,402,274	1,018,960	1,402,274
Other debtors	765,268	1,835,926	723,780	1,835,926
Prepayments and accrued income	3,458,760	3,370,834	3,399,066	3,370,834
	<u>39,666,340</u>	<u>34,790,372</u>	<u>40,542,759</u>	<u>34,790,372</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	15,000,000	10,000,000	15,000,000	10,000,000
Prepayments and accrued income	293,767	252,211	293,767	252,211
	<u>15,293,767</u>	<u>10,252,211</u>	<u>15,293,767</u>	<u>10,252,211</u>
Total debtors	<u>54,960,107</u>	<u>45,042,583</u>	<u>55,836,526</u>	<u>45,042,583</u>

Trading balances due from group undertakings and related parties, totalling £227,389 (2021: £982,549), included in other debtors, are repayable on demand, unsecured, subject to normal trading terms and do not attract interest.

Loans due from group undertakings are unsecured and attract interest at 3.9% p.a., and are repayable by 2027, but subject to early repayment charges.

18 Creditors: amounts falling due within one year

		Group 2022	2021 as restated	Company 2022	2021 as restated
	Notes	£	£	£	£
Obligations under finance leases	21	316,603	90,075	316,603	90,075
Trade creditors		16,480,102	14,778,486	16,381,288	14,778,486
Amounts owed to group undertakings		409,093	6,885	409,094	6,885
Corporation tax payable		-	28,713	-	28,713
Other taxation and social security		1,911,138	573,117	1,911,138	573,117
Other creditors		20,727,141	11,147,101	20,691,660	11,147,101
Accruals and deferred income		1,227,772	2,663,732	1,225,909	2,663,732
		<u>41,071,849</u>	<u>29,288,109</u>	<u>40,935,692</u>	<u>29,288,109</u>

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Creditors: amounts falling due within one year (Continued)

Obligations under finance leases are secured against the assets to which they relate.

Trading balances due to group undertakings and related parties, totalling £9,438,150 (2021: £4,329,241), included within other creditors, are repayable on demand, unsecured, subject to normal trading terms and do not attract interest.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	1,418,951	6,853	1,418,951	6,853
Other borrowings	20	46,695,420	34,000,000	45,000,000	34,000,000
Government grants	23	877,787	-	-	-
		<u>48,992,158</u>	<u>34,006,853</u>	<u>46,418,951</u>	<u>34,006,853</u>

Obligations under finance leases are secured against the assets to which they relate.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	45,000,000	34,000,000	45,000,000	34,000,000
	<u>45,000,000</u>	<u>34,000,000</u>	<u>45,000,000</u>	<u>34,000,000</u>

20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Loans from group undertakings	45,000,000	34,000,000	45,000,000	34,000,000
Other loans	1,695,420	-	-	-
	<u>46,695,420</u>	<u>34,000,000</u>	<u>45,000,000</u>	<u>34,000,000</u>
Payable after one year	<u>46,695,420</u>	<u>34,000,000</u>	<u>45,000,000</u>	<u>34,000,000</u>

Loans due to group undertakings are unsecured and attract interest at 3.9% p.a., and are repayable in 2027.

Other loans are interest free and are repayable by 31 October 2029.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Finance lease obligations

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	316,603	90,075	316,603	90,075
In two to five years	1,418,951	6,853	1,418,951	6,853
	<u>1,735,554</u>	<u>96,928</u>	<u>1,735,554</u>	<u>96,928</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022	Liabilities 2021
	£	£
Group		
Accelerated capital allowances	1,688,535	803,297
Retirement benefit obligations	(6,426)	(24,313)
Short term timing differences	-	(4,215)
	<u>1,682,109</u>	<u>774,769</u>
	<u><u>1,682,109</u></u>	<u><u>774,769</u></u>
	Liabilities	Liabilities
	2022	2021
	£	£
Company		
Accelerated capital allowances	1,688,535	803,297
Retirement benefit obligations	(6,426)	(24,313)
Short term timing differences	-	(4,215)
	<u>1,682,109</u>	<u>774,769</u>
	<u><u>1,682,109</u></u>	<u><u>774,769</u></u>

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Deferred taxation (Continued)

	Group 2022	Company 2022
	£	£
Movements in the year:		
Liability at 1 January 2022	774,769	774,769
Charge to profit or loss	453,377	453,377
Effect of change in tax rate - other comprehensive income	217,762	217,762
Other	236,201	236,201
	<u>1,682,109</u>	<u>1,682,109</u>
Liability at 31 December 2022	<u>1,682,109</u>	<u>1,682,109</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances and other tax relief timing differences.

23 Government grants

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Arising from government grants	955,674	-	-	-
	<u>955,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income is included in the financial statements as follows:				
Non-current liabilities	877,787	-	-	-
Shown as deferred income on the face of the balance sheet	77,887	-	-	-
	<u>955,674</u>	<u>-</u>	<u>-</u>	<u>-</u>

The deferred income on the balance sheet of £955,674 (2021: £Nil) relates to government grants received, in relation to the establishment of a paper sack and packaging converting unit. The amounts received have been fully deferred until it is certain that the conditions attached to the grant received have been fulfilled.

24 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	225,684	194,050
	<u>225,684</u>	<u>194,050</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

As at the year-end, contributions due to the schemes in respect of the current reporting year were £56,872 (2021: £200,570).

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	2,000,002	2,000,002	2,000,002	2,000,002

26 Acquisition of a business

On 2 September 2022, the group acquired 100% percent of the issued capital of EP Groupe France SAS.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Cash and cash equivalents	854	-	854
Goodwill			-
Total consideration			854
The consideration was satisfied by:			£
Cash			854
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Loss after tax			(306,600)

27 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	744,141	502,259	594,906	502,259
Between two and five years	2,376,664	139,059	1,916,610	139,059
	3,120,805	641,318	2,511,516	641,318

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	8,169,712	6,017,230	8,169,712	6,017,230

29 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Director's loan	2.00	28,237	(28,237)	-
Director's loan	2.00	6,500	(1,200)	5,300
		34,737	(29,437)	5,300

30 Controlling party

The ultimate parent company is Euro Packaging Jersey Limited, a company registered in Jersey.

The controlling parties of Euro Packaging Jersey Limited are A M Alimahomed and S M Alimahomed, each owning 50% of the share capital of Euro Packaging Jersey Limited.

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

31 Related party transactions

The group has taken advantage of the exemption provided in Financial Reporting Standard 102 Section 33 from disclosing related party transactions with group companies where a subsidiary party to the transaction is wholly owned.

During the year the group has recognised rental charges of £2,475,943 (2021: £1,785,912), recharges of £336,593 (2021: £Nil) and management charges of £300,000 (2021: £Nil) from Euro Property Investments Limited, a related company due to common directors and control. The group has also recognised recharges of £595,013 (2021: £437,094) to Euro Property Investments Limited. During the year, loans of £1,700,000 (2021: £Nil) were advanced to Euro Property Investments Limited and repayments of £1,700,000 (2021: £Nil) were received. The group also received loans of £1,500,000 from Euro Property Investments Limited and repayments of £1,500,000 were made. Amounts due to Euro Property Investments Limited as at the year end amounted to £680,901 (2021 debtor: £149,841) and is included within other creditors.

During the year the group has recognised recharges of £88,413 (2021: £74,658) to Your Office Space Limited, a company under common control. At the year end, an amount of £6,087 (2021: £2,353) was owed by Your Office Space Limited, this amount is included within other debtors.

During the year the group has recognised purchases of £7,348,287 (2021: £9,752,705) from Euro Nature Green SDN BHD, a company under common control. At the year end, an amount of £3,910,846 (2021: £1,561,232) was owed to Euro Nature Green SDN BHD, this amount is included within other creditors.

During the year the group has recognised management charges of £4,282,176 (2021: £3,282,241) from Euro Capital General Trading LLC, a company under common control. At the year end, an amount of £4,282,176 (2021: £3,279,509) was owed to Euro Capital General Trading LLC, this amount is included within other creditors.

At the year end an amount of £Nil (2021: £2,871) was owed by Euro SME SDN BHD, this amount is included within other debtors.

At the year end an amount of £17,225 (2021: £18,494) was owed by Gulf Shine Plastic Company LLC, this amount is included within other debtors.

During the year the group has recognised sales credits of £10,754 (2021: sales of £105,448) to and purchases of £6,732,596 (2021: £5,413,477) from Manchester Paper Bags Manufacturing LLC, a company under control of a close family member. At the year end, an amount of £537,623 (2021: debtor of £793,623) was owed to Manchester Paper Bags Manufacturing LLC, this amount is included within other creditors.

During the year the group has recognised sales of £5,280 (2021: £8,595) and recharges of £41,556 (2021: £Nil) to Walkers Chocolates Limited, a company under common control. The group has also recognised purchases of £5,526 (2021: £5,640) from Walkers Chocolates Limited. At the year end, an amount of £204,077 (2021: £15,367) was owed from Walkers Chocolates Limited, this amount is included within other debtors.

During the year the group has recognised management charges of £250,000 (2021: £300,000) from a close family member of the ultimate shareholders.

During the year the group has recognised recharges of £26,604 (2021: £Nil) from Euro Packaging France SARL, a company under common control. At the year end, an amount of £26,604 (2021: £Nil) was owed to Euro Packaging France SARL, this amount is included within other creditors.

As at the year end there are balances owing from the ultimate shareholders of £132,765 (2021: £179,727). The balances owed are unsecured and attract interest at 2.00% (2021: 2.00%). Advances made to shareholders in the year totalled £248,826 (2021: £247,866), repayments made by shareholders totalled £301,775 (2021: £600,532) and interest charged was £5,987 (2021: £9,386).

EURO PACKAGING UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

32 Cash absorbed by group operations

	2022	2021
	£	£
Profit for the year after tax	4,000,447	3,199,244
Adjustments for:		
Taxation charged	869,392	787,690
Finance costs	1,332,034	947,532
Investment income	(398,200)	(9,386)
Loss/(gain) on disposal of tangible fixed assets	130,700	(1,250)
Depreciation and impairment of tangible fixed assets	902,638	822,755
Increase in deferred income	77,887	-
Movements in working capital:		
(Increase)/decrease in stocks	(12,763,933)	640,492
Increase in debtors	(9,940,495)	(6,394,188)
Increase/(decrease) in creditors	11,585,925	(9,764,094)
Increase in deferred income	877,787	-
Cash absorbed by operations	(3,325,818)	(9,771,205)

33 Analysis of changes in net debt - group

	1 January 2022	Cash flows	New finance leases	31 December 2022
	£	£	£	£
Cash at bank and in hand	5,674,153	1,600,490	-	7,274,643
Borrowings excluding overdrafts	(34,000,000)	(12,695,420)	-	(46,695,420)
Obligations under finance leases	(96,928)	283,795	(1,922,421)	(1,735,554)
	<u>(28,422,775)</u>	<u>(10,811,135)</u>	<u>(1,922,421)</u>	<u>(41,156,331)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.