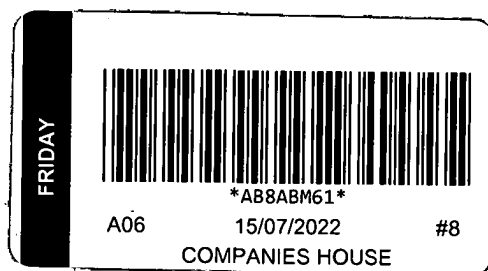


**VPK UK HOLDING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**



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**VPK UK HOLDING LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P I R Macharis J P W Macharis S S Khawaja E Peeters D J Richardson
<b>Company secretary</b>	S S Khawaja
<b>Registered number</b>	00269244
<b>Registered office</b>	Stoke Albany Road Desborough Kettering Northamptonshire NN14 2SR
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
<b>Bankers</b>	ING Belgium SA/NV Avenue Marnix 24 B-1000 Brussels  HSBC UK Bank Plc 120 Edmund Street Birmingham B3 2QZ
<b>Solicitors</b>	Freeths LLP One Colton Square Leicester LE1 1QH

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**VPK UK HOLDING LIMITED**

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**VPK UK HOLDING LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Company information and principal activity**

The company is the parent company of a UK group involved in the manufacture and sale of recycled paper and cardboard packaging and tubes. The company is registered in England and Wales.

**Business review**

VPK UK Holding Limited is a holding company that derives its income from property rents and management charges, solely charged to the other companies within the group.

During 2021 the company continued its satisfactory underlying performance. The rents and management costs charged largely to VPK Packaging Limited in 2021 were achieved according to expectations and are projected to continue in a stable fashion in the coming years. In 2020 the company further strengthened its asset base by the purchase of the site of VPK Packaging's Wellington operations from a third party and it also completed the acquisition of Encase Limited and Encase Properties Limited in October 2020. Encase Limited's trade was subsequently transferred to VPK Packaging Limited on 1st of July 2021. Similarly Encase Properties Limited's trade was transferred to VPK UK Holding Limited on 1st of July 2021.

VPK Packaging Limited is expected to be profitable in the longer term and able to settle the charged rents and management fees.

Rigid Charta Limited had minimal trading activity in 2021 and the Directors continue to keep the business options under review.

The company continues to be secure in its future activities due to its strong Balance Sheet and the future outlook of its main subsidiary company.

**Principal risks and uncertainties**

The principal risks and uncertainties facing the company relate to the cost and availability of paper, competition from other significant entities and the general economic environment. Now that Brexit has happened, we find that this resulted in delays to cross border shipments and general price increases as a direct result of additional import and export procedures. Due to Brexit being closely followed by Covid, it is still too early to fully evaluate the impact of Brexit. There is also still no clarity as to what the "future trade agreements" look like as politicians have diverted their focus away from Brexit to dealing with the pandemic. The long term effects of Brexit on VPK Packaging Limited, therefore, continue to be difficult to gauge at this stage. But a high proportion of our raw materials and capital investments are sourced from the EU and further afield, so the company will be impacted by any further adverse movements in global exchange rates or impediments to movement of goods across borders and any associated increase in base costs. Our main raw material, paper reels are not subject to an increase import duty from the EU, however materials handling and customs declarations are having a cost implication and causing delays at the moment. This risk is mitigated, as far as exchange rate impacts are concerned, as far as possible by the activities of the VPK Group Treasury Function engaging in foreign exchange forward buying and other exchange rate risk management activities on behalf of the wider VPK group of companies. With regard to the movement of goods through borders and any associated increased costs, the ability of the company to manage this risk is limited, though the company has made arrangements for additional stockholding of key materials in the short and medium term. These risks are closely monitored by the directors to ensure they are mitigated by timely and prudent management procedures.

**Financial key performance indicators**

Given the nature of the business we are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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**VPK UK HOLDING LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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This report was approved by the board on 1 March 2022 and signed on its behalf.

*Sagib Khawaja*  
.....  
**S S Khawaja**  
Director

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**VPK UK HOLDING LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

**Results and dividends**

The loss for the year, after taxation, amounted to £2,654,932 (2020 - profit £3,986,451).

Total dividends of £Nil were paid during the year (2020: £1,000,000). The directors do not recommend payment of a final dividend.

**Directors**

The directors who served during the year were:

P I R Macharis  
J P W Macharis  
S S Khawaja  
E Peeters  
D J Richardson

**Directors' responsibilities statement**

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- 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.

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

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**VPK UK HOLDING LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Future developments**

There are no material future developments to report.

**Financial risk management objectives and policies**

The company uses financial instruments, other than derivatives, comprising group borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments is liquidity risk. The directors review and agree a policy for managing the risk and this is summarised below. The policy has remained unchanged from previous periods.

*Liquidity risk*

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. Primarily this is achieved through group financing arrangements and bank deposits.

**Equal opportunities**

The company is an equal opportunities employer. The company is committed to providing fair and equal treatment to all employees and job applicants in terms of recruitment, pay conditions, promotions, training and all employment matters regardless of their race, sex, ethnic background or religious beliefs, sexual orientation or disabilities. An equal opportunities policy is in place which aims to ensure that all employees are selected, trained, compensated, promoted and transferred solely on the strength of their ability, skills, qualifications and merit. The company also believes that all employees have a right to work in an environment free from discrimination and bullying.

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

**Employee involvement**

Company employees are kept informed on matters of concern to them, including those factors affecting the performance and future of the business. Company employees are consulted about changes in work methods and systems, terms and conditions of employment, job security, and other matters affecting their working environment.

**Post balance sheet events**

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

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**VPK UK HOLDING LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

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

This report was approved by the board on 1 March 2022 and signed on its behalf.

*Sajib Khawaja*  
.....  
**S S Khawaja**  
Director





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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VPK UK HOLDING LIMITED

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### Opinion

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

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.

### Basis for opinion

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

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease or continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VPK UK HOLDING LIMITED (CONTINUED)**

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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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section 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.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VPK UK HOLDING LIMITED (CONTINUED)**

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### **Matter on which we are required to report under the Companies Act 2006**

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.

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

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 for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VPK UK HOLDING LIMITED (CONTINUED)**

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates. We enquired of management, whether they were aware of any instances of noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our commercial experience and through discussion with management.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and evaluating management's incentives and opportunities for manipulation of the financial statements. We considered the risk of fraud to be higher through the potential for management override of controls.
- audit procedures performed by the engagement team included:
  - testing journal entries including those determined to be of unusual value, large value, suspense account transactions or with certain description characteristics;
  - challenging assumptions and judgements made by management in its estimates of depreciation and amortisation.
- these audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - understanding of the financial reporting framework and the relevant tax compliance regulations specific to the entity.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VPK UK HOLDING LIMITED (CONTINUED)**

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**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.

*Grant Thornton UK LLP*

Charlotte Anderson  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

1 March 2022

## VPK UK HOLDING LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	4,524,787	3,679,952
<b>Gross profit</b>		<b>4,524,787</b>	<b>3,679,952</b>
Administrative expenses		(3,799,825)	(3,411,015)
<b>Operating profit</b>	5	<b>724,962</b>	<b>268,937</b>
Income from shares in group undertakings	9	1,534,428	4,000,000
Amounts written off investments	16	(4,500,001)	-
Interest receivable and similar income	10	-	534
Interest payable and similar expenses	11	(33,109)	(52,572)
<b>(Loss)/profit before tax</b>		<b>(2,273,720)</b>	<b>4,216,899</b>
Tax on (loss)/profit	12	(381,212)	(230,448)
<b>(Loss)/profit for the financial year</b>		<b>(2,654,932)</b>	<b>3,986,451</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

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

**VPK UK HOLDING LIMITED**  
**REGISTERED NUMBER:00269244**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	14	2,541,249	3,142,976
Tangible assets	15	35,699,986	27,364,309
Investments	16	11,057	11,058
		<u>38,252,292</u>	<u>30,518,343</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	431,307	6,648,719
Cash at bank and in hand	18	2,330	-
		<u>433,637</u>	<u>6,648,719</u>
Creditors: amounts falling due within one year	19	(2,670,350)	(1,652,369)
<b>Net current (liabilities)/assets</b>		<u>(2,236,713)</u>	<u>4,996,350</u>
<b>Total assets less current liabilities</b>		<u>36,015,579</u>	<u>35,514,693</u>
Creditors: amounts falling due after more than one year	20	(3,000,000)	-
<b>Provisions for liabilities</b>			
Deferred tax	21	(601,709)	(445,891)
		<u>(601,709)</u>	<u>(445,891)</u>
<b>Net assets</b>		<u><u>32,413,870</u></u>	<u><u>35,068,802</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	20,679,533	20,679,533
Capital redemption reserve	22	3,227,930	3,227,930
Profit and loss account	22	8,506,407	11,161,339
		<u><u>32,413,870</u></u>	<u><u>35,068,802</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 March 2022.

*Sagib Khawaja*  
 .....  
**S S Khawaja**  
 Director

The notes on pages 14 to 32 form part of these financial statements.

## VPK UK HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	20,679,533	3,227,930	11,161,339	35,068,802
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,654,932)	(2,654,932)
<b>Total comprehensive income for the year</b>	-	-	(2,654,932)	(2,654,932)
<b>At 31 December 2021</b>	<b>20,679,533</b>	<b>3,227,930</b>	<b>8,506,407</b>	<b>32,413,870</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	679,533	3,227,930	8,174,888	12,082,351
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,986,451	3,986,451
<b>Total comprehensive income for the year</b>	-	-	3,986,451	3,986,451
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
Shares issued during the year	20,000,000	-	-	20,000,000
<b>At 31 December 2020</b>	<b>20,679,533</b>	<b>3,227,930</b>	<b>11,161,339</b>	<b>35,068,802</b>

The notes on pages 14 to 32 form part of these financial statements.



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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

The company is the parent company of a UK group involved in the manufacture and marketing of paperboard transit packaging. Rigid Group Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is Stoke Albany Road, Desborough, Kettering, Northamptonshire NN14 2SR.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The financial statements are presented in Sterling (£).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland":

- the requirements of Section 7 Statement of Cashflows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of VPK Packaging Group NV for the year ended 31 December 2021, and those financial statements may be obtained from VPK Packaging Group NV, Kareelstraat 108, B-9300 Aalst, Belgium.

The following principal accounting policies have been applied:

**2.2 Turnover**

Turnover is derived from property rents and management fees levied to subsidiary undertakings. Turnover is recognised in line with the provision of the asset or service.

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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.3 Going concern**

The financial statements are prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Company is reliant on income from its subsidiaries, particularly VPK Packaging Limited. There is consistency between the Directors of this Company and VPK Packaging Limited. The Directors of that company have prepared cash flow forecasts that cover the period to June 2023. These demonstrate that VPK Packaging Limited anticipates continuing to be profitable and overall cash generative with no significant changes to operations. VPK Packaging Limited is partially funded through a debt factoring arrangement provided by a fellow subsidiary of VPK Packaging Group NV, together with other intercompany current accounts and loan arrangements. The directors anticipate this funding arrangement to continue throughout the forecast period. Based on these forecasts and the anticipated continued support of the wider group, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	-	20 % per annum on a straight line basis
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Amortisation charges are included in administrative expenses in the Statement of Comprehensive Income.

**2.5 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.

The company adds to the carrying amount of any item of fixed assets the cost of replacing part of such an item when the cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.5 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:

Freehold buildings	- 3% - Straight line
Plant and machinery	- 8.33% - Straight line
Office furniture	- 20% and 33.33% - Straight line

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 profit or loss.

**2.6 Operating leases**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**2.8 Debtors**

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

**2.9 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.

**2.10 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected

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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.10 Financial instruments (continued)**

to be paid or received.

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

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

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

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

**2.11 Creditors**

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

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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.12 Foreign currency translation****Functional and presentation currency**

The company's functional and presentational currency is GBP.

**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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.13 Employee benefits****Short term benefits**

Short term benefits including holiday pay and other similar non monetary benefits, are recognised as an expense in the period in which service is received.

**2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**2.15 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 Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.17 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 balance sheet 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 Balance sheet 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 balance sheet date.

**2.18 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of VPK Packaging Group NV, a company incorporated in Belgium, and is included in the consolidated accounts of that company.

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**VPK UK HOLDING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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

Certain of the amounts included in the financial statements involve the use of judgement and/or estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements. Sources of estimation uncertainty include the following:

- depreciation rates are based on estimates of the useful lives and residual values of the assets involved (see note 2.5); and
- amortisation rates are based on estimates of the useful lives and residual values of the intangible assets involved (see note 2.4).

**4. Turnover**

The whole of turnover is attributable to property rents and management charges, derived in the United Kingdom.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Rental income	<b>3,152,787</b>	2,407,952
Management fees and other income	<b>1,372,000</b>	1,272,000
	<b><u>4,524,787</u></b>	<u>3,679,952</u>

**5. Operating profit**

The operating profit is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>1,181,823</b>	883,561
Amortisation of intangible assets	<b>812,567</b>	666,272
Exchange differences	<b>4,359</b>	3,984
Pension costs	<b>36,694</b>	130,259
	<b><u>36,694</u></b>	<u>130,259</u>

## VPK UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<b>8,300</b>	<b>2,285</b>
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Taxation compliance services	<b>6,155</b>	<b>5,050</b>
Taxation advisory	<b>10,150</b>	<b>20,850</b>
Preparation of statutory accounts	<b>5,400</b>	<b>5,125</b>
	<b>21,705</b>	<b>31,025</b>

**7. Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>732,178</b>	<b>499,478</b>
Social security costs	<b>78,711</b>	<b>57,517</b>
Pension costs	<b>36,694</b>	<b>130,259</b>
	<b>847,583</b>	<b>687,254</b>

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Management and representatives	<b>5</b>	<b>5</b>



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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**8. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	374,939	326,622
Company contributions to defined contribution pension schemes	27,137	53,957
	<u>402,076</u>	<u>380,579</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £242,774 (2020 - £202,777).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,796 (2020 - £19,224).

**9. Income from shares in group undertakings**

Income from shares in group undertakings of £1,534,428 are dividends received from Encase Limited of £154,630 and Encase Properties Limited of £1,379,798 (see note 24). Income from shares in group undertakings of £4,000,000 in the prior year was a dividend received from VPK Packaging Limited

**10. Interest receivable**

	2021 £	2020 £
Other interest receivable	<u>-</u>	<u>534</u>

**11. Interest payable and similar expenses**

	2021 £	2020 £
Interest payable on intercompany loan	<u>33,109</u>	<u>52,572</u>

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VPK UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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## 12. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	300,751	166,217
Prior year tax adjustment	(75,357)	4,353
Group taxation relief	-	15,748
	<u>225,394</u>	<u>186,318</u>
<b>Total current tax</b>	<u>225,394</u>	<u>186,318</u>
<b>Deferred tax</b>		
Fixed asset timing differences tax charge	10,681	44,130
Changes to tax rates	145,137	-
<b>Total deferred tax</b>	<u>155,818</u>	<u>44,130</u>
<b>Taxation on profit on ordinary activities</b>	<u>381,212</u>	<u>230,448</u>

## VPK UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Taxation (continued)****Factors affecting tax charge for the year**

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

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(2,273,720)</u>	<u>4,216,899</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<u>(432,007)</u>	<u>801,211</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	11,400
Impairment of investment	855,000	-
Dividend received not taxable	(291,541)	(760,000)
Prior year tax adjustment	(166,217)	4,353
Prior year group taxation relief	90,860	-
Deferred tax differences (including ineligible depreciation)	179,980	173,484
Deferred tax difference - change in rate	145,137	-
<b>Total tax charge for the year</b>	<u><u>381,212</u></u>	<u><u>230,448</u></u>

**Factors that may affect future tax charges**

The increase in the main corporation tax rate from 19% to 25%, effective 1 April 2023, was enacted in May 2021. Deferred tax balances have been calculated at 25% as these are expected to substantially reverse after this effective date.

**13. Dividends**

	2021 £	2020 £
Equity dividend paid	<u><u>-</u></u>	<u><u>1,000,000</u></u>

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VPK UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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## 14. Intangible assets

	Software £
<b>Cost</b>	
At 1 January 2021	4,520,596
Additions	210,840
At 31 December 2021	<u>4,731,436</u>
<b>Amortisation</b>	
At 1 January 2021	1,377,620
Charge for the year	812,567
At 31 December 2021	<u>2,190,187</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>2,541,249</u></u>
<i>At 31 December 2020</i>	<u><u>3,142,976</u></u>

## VPK UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 15. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	31,372,035	4,198,026	58,249	-	35,628,310
Additions	-	-	-	2,125,200	2,125,200
Transfer (note 24)	6,948,632	-	-	-	6,948,632
Transfer	443,668	-	-	-	443,668
At 31 December 2021	38,764,335	4,198,026	58,249	2,125,200	45,145,810
<b>Depreciation</b>					
At 1 January 2021	7,103,627	1,133,534	26,840	-	8,264,001
Charge for the year on owned assets	860,423	317,513	3,887	-	1,181,823
At 31 December 2021	7,964,050	1,451,047	30,727	-	9,445,824
<b>Net book value</b>					
At 31 December 2021	30,800,285	2,746,979	27,522	2,125,200	35,699,986
At 31 December 2020	24,268,408	3,064,492	31,409	-	27,364,309

The carrying amount of investment property, which the company rents to another group entity when it has chosen to account for such properties using the cost model is £30,800,285 (2020: £24,268,408)

In June 2021 freehold property with a net book value of £443,668 was transferred to this entity from its subsidiary, Encase Limited.

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**VPK UK HOLDING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**16. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2021	11,058
Additions	4,500,000
At 31 December 2021	<u>4,511,058</u>
<b>Impairment</b>	
Charge for the period	4,500,001
At 31 December 2021	<u>4,500,001</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>11,057</u></u>
At 31 December 2020	<u><u>11,058</u></u>

On 1 July 2021 the trade and assets of Encase Properties Limited, a subsidiary company were transferred to VPK UK Holding Limited (see note 24). To support this transaction, £4.5m share capital was issued by Encase Limited to VPK UK Holding Limited. The directors have assessed the carrying value of this investment and have made a full impairment.

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**VPK UK HOLDING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**16. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
VPK Packaging Limited	Stoke Albany Road, Desborough, Kettering, Northamptonshire, NN14 2SR	Packaging	Ordinary shares	100%
Rigid Charta Limited	Stoke Albany Road, Desborough, Kettering, Northamptonshire, NN14 2SR	Machine rental	Ordinary shares	100%
Encase Limited	C/O VPK Uk Holding Ltd Stoke Albany Road, Desborough, Kettering, Northamptonshire, England, NN14 2SR	Dormant	Ordinary shares	100%
Encase Properties Limited	C/O VPK Uk Holding Ltd Stoke Albany Road, Desborough, Kettering, Northamptonshire, England, NN14 2SR	Dormant	Ordinary shares	100%

## VPK UK HOLDING LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**17. Debtors**

	2021 £	2020 £
Amounts owed by group undertakings	431,307	6,648,719
	<u>431,307</u>	<u>6,648,719</u>

**18. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	2,330	-
	<u>2,330</u>	<u>-</u>

**19. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	13,533	18,743
Amounts owed to group undertakings	1,760,276	972,964
Corporation tax	254,801	120,267
Other taxation and social security	168,554	80,373
Accruals and deferred income	473,186	460,022
	<u>2,670,350</u>	<u>1,652,369</u>

**20. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Amounts owed to group undertakings	3,000,000	-
	<u>3,000,000</u>	<u>-</u>

Amounts owed to group undertakings of £3,000,000 under the agreement is repayable by 31 December 2025. The loan interest is at a rate of GBP Libor 3 month plus a 1.25% margin.



## VPK UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 21. Deferred taxation

	2021 £	2020 £
At beginning of year	(445,891)	(401,761)
Movement in year	(155,818)	(44,130)
<b>At end of year</b>	<b>(601,709)</b>	<b>(445,891)</b>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	601,709	445,891

## 22. Reserves

**Capital redemption reserve**

This includes all current and prior year capital redemption balances.

**Profit and Loss Account**

This includes all current and prior period retained profits and losses, less dividends paid.

## 23. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
413,590,660 (2020 - 413,590,660) Ordinary shares of £0.05 each	20,679,533	20,679,533

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

## VPK UK HOLDING LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**24. Business transfer**

On 1 July 2021 the trade and assets of Encase Properties Limited, a subsidiary company were transferred to VPK UK Holding Limited. The net assets transferred of £1,379,798 were paid for through an intercompany account with Encase Properties Limited - this amount was subsequently settled via a dividend of the same amount from Encase Properties Limited.

**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Total £
<b>Fixed Assets</b>		
Tangible	6,948,632	6,948,632
	<u>6,948,632</u>	<u>6,948,632</u>
<b>Total Assets</b>	<u>6,948,632</u>	<u>6,948,632</u>
<b>Creditors</b>		
Amounts owed to group companies < 1 yr	(2,568,834)	(2,568,834)
Amounts owed to group companies > 1 yr	(3,000,000)	(3,000,000)
<b>Total Identifiable net assets</b>	<u>1,379,798</u>	<u>1,379,798</u>
<b>Consideration</b>		
		£
Amounts owed to Encase Properties Limited		<u>1,379,798</u>

**25. Capital commitments**

Capital commitments at the year end were £Nil (2020: £Nil).

**26. Pension commitments**

Defined contribution

The company operates a defined contribution 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 £36,694 (2020: £130,259).

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**VPK UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**27. Related party transactions**

The company has taken advantage of the exemption available in accordance with FRS 102 section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group which is party to the transactions.

The company charged management charges to Corrbord UK Limited (a non wholly owned subsidiary of VPK Packaging Group NV) of £72,000 (2020: £72,000) (excluding VAT) during the year and amounts owed by Corrbord UK Limited at the year end were £2,013 (2020: £12,386).

**28. Controlling party**

The immediate and ultimate parent company is VPK Packaging Group NV, a company incorporated in Belgium.