

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

WEDNESDAY



AAD1XUYR

A11

15/09/2021

#121

COMPANIES HOUSE

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

COMPANY INFORMATION

Directors	P I R Macharis J P W Macharis S S Khawaja E Peeters D J Richardson
Company secretary	S S Khawaja
Registered number	00269244
Registered office	Stoke Albany Road Desborough Kettering Northamptonshire NN14 2SR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
Bankers	ING Belgium SA/NV Avenue Marnix 24 B-1000 Brussels
Solicitors	Freeths LLP One Colton Square Leicester LE1 1QH

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 28

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020 the company continued its satisfactory underlying performance. The rents and management costs charged largely to VPK Packaging Limited in 2020 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 Ltd and Encase Properties Ltd in October 2020.

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 2020 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 of paper, competition from other significant entities and the general economic environment. Although the UK has left the EU and a last minute deal was reached, 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 that are currently being negotiated with the EU and other regions. 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.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board on 16 March 2021 and signed on its behalf.

Sagib Khawaja

.....
S S Khawaja
Director

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £3,986,451 (2019 - £205,900).

Total dividends of £1,000,000 were paid during the year (2019: £Nil). 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.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 16 March 2021 and signed on its behalf.

Sagib Khawaja

.....
S S Khawaja
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

Opinion

We have audited the financial statements of VPK UK Holding Limited (formerly Rigid Group Limited) (the 'company') for the year ended 31 December 2020, 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 2020 and of its 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 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 to 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.

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



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

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 directors' report have been prepared in accordance with applicable legal requirements.



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

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 and 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 on page 3, 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. This description forms part of our auditor's report.



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

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 manual journal entries, including journal entries determined to be large or with unusual user posting characteristics;
 - challenging assumptions and judgements made by management in its estimate of depreciation and amortisation rate.
- 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.
- we did not identify any matters relating to non-compliance with laws and regulation and fraud.



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

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

Jane Jones
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester

16 March 2021

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	3,679,952	3,250,468
Gross profit		3,679,952	3,250,468
Administrative expenses		(3,411,015)	(2,805,356)
Operating profit	5	268,937	445,112
Income from shares in group undertakings	12	4,000,000	-
Interest receivable and similar income	9	534	1,054
Interest payable and expenses	10	(52,572)	(26,408)
Profit before tax		4,216,899	419,758
Tax on profit	11	(230,448)	(213,858)
Profit for the financial year		3,986,451	205,900

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)
REGISTERED NUMBER:00269244

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	3,142,976	2,404,093
Tangible assets	14	27,364,309	13,851,183
Investments	15	11,058	11,057
		<u>30,518,343</u>	<u>16,266,333</u>
Current assets			
Debtors: amounts falling due within one year	16	6,648,719	895,940
		<u>6,648,719</u>	<u>895,940</u>
Creditors: amounts falling due within one year	17	(1,652,369)	(2,678,161)
Net current assets/(liabilities)		<u>4,996,350</u>	<u>(1,782,221)</u>
Total assets less current liabilities		<u>35,514,693</u>	<u>14,484,112</u>
Creditors: amounts falling due after more than one year	18	-	(2,000,000)
Provisions for liabilities			
Deferred tax	19	(445,891)	(401,761)
		<u>(445,891)</u>	<u>(401,761)</u>
Net assets		<u><u>35,068,802</u></u>	<u><u>12,082,351</u></u>
Capital and reserves			
Called up share capital	21	20,679,533	679,533
Capital redemption reserve	20	3,227,930	3,227,930
Profit and loss account	20	11,161,339	8,174,888
		<u>35,068,802</u>	<u>12,082,351</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2021.

Sajid Khawaja

.....
S S Khawaja
 Director

The notes on pages 14 to 28 form part of these financial statements.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**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
Comprehensive income for the year				
Profit for the year	-	-	3,986,451	3,986,451
Total comprehensive income for the year	-	-	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
At 31 December 2020	20,679,533	3,227,930	11,161,339	35,068,802

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	679,533	3,227,930	7,968,988	11,876,451
Comprehensive income for the year				
Profit for the year	-	-	205,900	205,900
Total comprehensive income for the year	-	-	205,900	205,900
At 31 December 2019	679,533	3,227,930	8,174,888	12,082,351

The notes on pages 14 to 28 form part of these financial statements.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020, 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.

2.3 Going concern

The financial statements are prepared on the going concern basis. The directors have considered forecasts which cover the foreseeable future and, in particular, the period of twelve months from the signing date of the financial statements (taking into account the impact of Covid-19) and have concluded that the going concern basis is appropriate.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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
----------	---

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.

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:

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.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**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 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 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.

2.10 Creditors

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

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.11 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'.

2.12 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.

2.13 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.

2.14 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.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 Borrowing costs

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

2.16 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.

2.17 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.

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Many 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 and the key areas are summarised below:

Judgements in applying accounting policies:

- the directors must judge whether all the conditions required for turnover to be recognised in the Statement of Comprehensive Income for the financial year, as set out in note 2.2 above, have been met.

Sources of estimation uncertainty:

- 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.

	2020 £	2019 £
Rental Income	2,407,952	2,126,472
Management fees and other income	1,272,000	1,123,996
	<u>3,679,952</u>	<u>3,250,468</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	883,561	797,986
Amortisation of intangible assets	665,272	261,700
Exchange differences	3,984	(58,443)
Other operating lease rentals	36,823	45,185
Pension costs	130,259	80,927
	<u>1,699,900</u>	<u>1,177,355</u>

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	2,285	2,230
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	5,050	2,165
Taxation advisory	20,850	18,600
Preparation of statutory accounts	5,125	5,000
	31,025	25,765

7. Employees

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

	2020	2019
	£	£
Wages and salaries	499,478	730,711
Social security costs	57,517	82,706
Pension costs	130,259	80,927
	687,254	894,344

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

	2020	2019
	No.	No.
Management and representatives	5	8

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	326,622	367,941
Company contributions to defined contribution pension schemes	53,957	-
	<u>53,957</u>	<u>-</u>

During the year retirement benefits were accruing to 2 directors (2019: Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £202,777 (2019 - £142,742).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,224 (2019 - £Nil).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	534	1,054
	<u>534</u>	<u>1,054</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Interest payable on intercompany loan	52,572	26,408
	<u>52,572</u>	<u>26,408</u>

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	166,217	154,643
Prior year tax adjustment	4,353	30,231
Group taxation relief	15,748	21,873
Total current tax	186,318	206,747
Deferred tax		
Fixed asset timing differences tax charge	44,130	7,111
Total deferred tax	44,130	7,111
Taxation on profit on ordinary activities	230,448	213,858

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	4,216,899	419,758
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%(2019:19%)	801,211	79,754
Effects of:		
Expenses not deductible for tax purposes	11,400	5,890
Dividend received not taxable	(760,000)	-
Prior year tax adjustment	4,353	30,231
Deferred tax differences (including change in rate and ineligible depreciation)	173,484	97,983
Total tax charge for the year	230,448	213,858

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Dividends

	2020 £	2019 £
Equity dividend paid	1,000,000	-
	<u>1,000,000</u>	<u>-</u>

13. Intangible assets

	Software £
Cost	
At 1 January 2020	3,116,441
Additions	1,404,155
At 31 December 2020	<u>4,520,596</u>
Amortisation	
At 1 January 2020	712,348
Charge for the year	665,272
At 31 December 2020	<u>1,377,620</u>
Net book value	
At 31 December 2020	<u>3,142,976</u>
At 31 December 2019	<u>2,404,093</u>

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2020	16,975,348	4,198,026	58,249	21,231,623
Additions	14,396,687	-	-	14,396,687
At 31 December 2020	31,372,035	4,198,026	58,249	35,628,310
Depreciation				
At 1 January 2020	6,541,463	816,023	22,954	7,380,440
Charge for the year on owned assets	562,164	317,511	3,886	883,561
At 31 December 2020	7,103,627	1,133,534	26,840	8,264,001
Net book value				
At 31 December 2020	24,268,408	3,064,492	31,409	27,364,309
At 31 December 2019	10,433,885	3,382,003	35,295	13,851,183

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 £24,268,408 (2019: £10,433,885)

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	11,057
Additions	1
At 31 December 2020	11,058

The addition in the year relates to the acquisition of Encase Limited and Encase Properties Limited for £1.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
VPK Packaging Limited	Packaging	Ordinary shares	100%
Rigid Charta Limited	Machine rental	Ordinary shares	100%
Encase Limited	Packaging	Ordinary shares	100%
Encase Properties Limited	Property rental	Ordinary shares	100%

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	6,648,719	586,268
Prepayments and accrued income	-	309,672
	<u>6,648,719</u>	<u>895,940</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	18,743	47,858
Amounts owed to group undertakings	972,964	2,269,732
Corporation tax	120,267	100,371
Other taxation and social security	80,373	37,081
Accruals and deferred income	460,022	223,119
	<u>1,652,369</u>	<u>2,678,161</u>

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

	2020 £	2019 £
Amounts owed to group undertakings	-	2,000,000
	<u>-</u>	<u>2,000,000</u>

The amount owed to group undertakings under the agreement is repayable by 31 December 2021. Interest under the agreement is 1.43% over GBP Libor 3 months.

19. Deferred taxation

	2020 £	2019 £
At beginning of year	(401,761)	(394,650)
Movement in year	(44,130)	(7,111)
At end of year	<u>(445,891)</u>	<u>(401,761)</u>

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>445,891</u>	<u>401,761</u>

20. 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.

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
413,590,660 (2019 - 13,590,660) Ordinary shares of £0.05 each	<u>20,679,533</u>	<u>679,533</u>

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

During the year 400,000,000 shares were issued resulting in an addition to share capital of £20,000,000.

22. Capital commitments

Capital commitments at the year end were £Nil (2019: £Nil).

23. 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 £130,259 (2019: £80,297).

VPK UK HOLDING LIMITED (FORMERLY RIGID GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24. 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 company that VPK Packaging Group NV has an investment in) of £72,000 (2019: £112,000) (excluding VAT) during the year and amounts owed by Corrbord UK Limited at the year end were £12,386 (2019: £18,971).

25. Controlling party

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