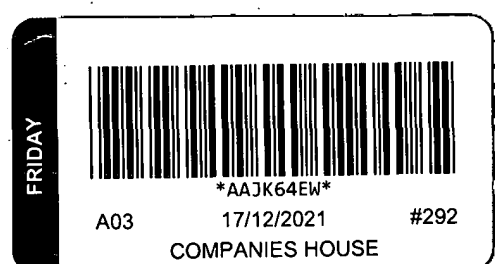


Registered number: 02379869

PONTRILAS PACKAGING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021



PONTRILAS PACKAGING LIMITED

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PONTRILAS PACKAGING LIMITED

COMPANY INFORMATION

Directors	J J S Hickman V S Hickman M P Hickman J J Poynton D Turner E B Hilton
Registered number	02379869
Registered office	Troserch Road Llangennech Llanelli SA14 8DZ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Kingsway Cardiff CF10 3PW
Bankers	National Westminster Bank Plc 19 Market Street Manchester M1 1WR

PONTRILAS PACKAGING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present the Strategic Report of Pontrilas Packaging Limited (the "Company") for the year ended 31 July 2021.

Business review

2020/21 represented an exceptional trading period for the Company. Gross margins improved during the financial year on the back of strong demand and on the ability to pass on unprecedented raw material price inflation. Good cost control has then under-written these improvements.

2021/22 has started well and the prospects are for a good year.

Principal risks and uncertainties

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, interest rate risk and price risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Liquidity risk

The Company manages its cash and borrowing requirements centrally in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at variable rates. The Company maintains debt both at a fixed rate and at a base rate plus a margin. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no significant exposure to equity securities price risk as it holds no listed equity investments.

PONTRILAS PACKAGING LIMITED

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

Principal risks and uncertainties (continued)

Covid-19

Whilst Covid-19 remains a risk to the business the indicators so far are that we would be able to deal with that risk given the political desire to keep the economy open for business.

Key performance indicators

The directors use many performance indicators, both financial and non-financial, to monitor the Company's position.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'E B Hilton', is written over a horizontal line.

E B Hilton
Director

Date: 17/12/2021

PONTRILAS PACKAGING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present their annual report and the audited financial statements of Pontrilas Packaging Limited (the "Company") for the year ended 31 July 2021.

Principal activities

The nature of the Company's operations and principal activities are the supply of packaging material.

Results and dividends

The profit for the financial year amounted to £2,635,727 (2020: £1,411,892).

The directors have not proposed a dividend (2020: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were:

J J S Hickman
V S Hickman
M P Hickman
J J Poynton
D Turner
E B Hilton

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Going concern

The directors have considered the future trading position of the Company, and based on actual results since the year-end, are confident that the going concern principle can be applied in the financial statements.

Future developments

2021/22 has started well and the prospects are for a good year. Investment continues on key projects to ensure that the operational facility remains at the forefront of productive capability.

Financial risk management

The financial risk management of the Company is disclosed in the Strategic Report.

PONTRILAS PACKAGING LIMITED

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditors

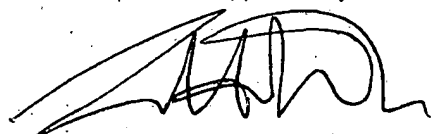
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



E B Hilton
Director

Date: 17/12/2021

PONTRILAS PACKAGING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PONTRILAS PACKAGING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Pontrilas Packaging Limited's company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 July 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

PONTRILAS PACKAGING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PONTRILAS PACKAGING LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussion with management and the Directors, including inquiries in respect of any known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board minutes to identify any matters of non compliance with laws and regulations; and
- Identifying and testing journal entries, in particular any entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PONTRILAS PACKAGING LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PONTRILAS PACKAGING LIMITED
(CONTINUED)**

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Pontrilas Packaging Limited for the year ended 31 July 2021.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

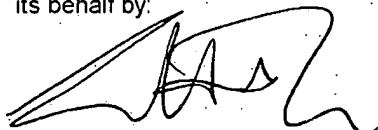
Date: 17 December 2021

PONTRILAS PACKAGING LIMITED
REGISTERED NUMBER: 02379869

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	2,223,294	2,069,048
Current assets			
Stocks	13	2,086,800	1,661,106
Debtors	14	10,272,086	6,837,695
Cash at bank and in hand	15	1,289,397	138,536
		<u>13,648,283</u>	<u>8,637,337</u>
Creditors: amounts falling due within one year	16	(7,805,143)	(5,272,494)
Net current assets		<u>5,843,140</u>	<u>3,364,843</u>
Total assets less current liabilities		<u>8,066,434</u>	<u>5,433,891</u>
Creditors: amounts falling due after more than one year	17	(651,858)	(786,265)
Provisions for liabilities			
Deferred taxation	19	(248,018)	(116,795)
Net assets		<u><u>7,166,558</u></u>	<u><u>4,530,831</u></u>
Capital and reserves			
Called up share capital	20	100,104	100,104
Profit and loss account	21	7,066,454	4,430,727
Total shareholders' funds		<u><u>7,166,558</u></u>	<u><u>4,530,831</u></u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



E B Hilton
Director

Date: 17/12/2021

The notes on pages 12 to 24 form part of these financial statements.

PONTRILAS PACKAGING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 £	2020 £
Turnover	4	35,237,346	26,512,047
Cost of sales		(28,215,328)	(21,613,142)
Gross profit		7,022,018	4,898,905
Administrative expenses		(3,896,108)	(3,548,083)
Other operating income	5	204,981	172,722
Operating profit	6	3,330,891	1,523,544
Interest payable and similar expenses	10	(39,168)	(85,860)
Profit before taxation		3,291,723	1,437,684
Tax on profit	11	(655,996)	(25,792)
Profit for the financial year		2,635,727	1,411,892
Total comprehensive income for the financial year		2,635,727	1,411,892

The notes on pages 12 to 24 form part of these financial statements.

PONTRILAS PACKAGING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 August 2019	100,104	3,018,835	3,118,939
Comprehensive income for the financial year			
Profit for the financial year	-	1,411,892	1,411,892
Total comprehensive income for the financial year	-	1,411,892	1,411,892
At 31 July 2020 and 1 August 2020	100,104	4,430,727	4,530,831
Comprehensive income for the financial year			
Profit for the financial year	-	2,635,727	2,635,727
Total comprehensive income for the financial year	-	2,635,727	2,635,727
At 31 July 2021	100,104	7,066,454	7,166,558

The notes on pages 12 to 24 form part of these financial statements.

PONTRILAS PACKAGING LIMITED

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

1. General information

Pontrilas Packaging Limited (the "Company") is a private limited company incorporated in United Kingdom. The address of its registered office is Troserch Road, Llangennech, Llanelli, SA14 8DZ.

The nature of the Company's operations and principal activities are the supply of packaging material.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, 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 financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £1.

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 following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 (b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Pontrilas Group Limited as at 31 July 2021 and these financial statements may be obtained from The Sawmills, Pontrilas, Hereford, HR2 0BE.

2.3 Going concern

The directors have considered the future trading position of the Company, and based on actual results since the year-end, are confident that the going concern principle can be applied in the financial statements.

PONTRILAS PACKAGING LIMITED

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

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Tangible assets

Tangible 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.

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 property	- 10% straight line
Plant and machinery	- 10% - 33% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% - 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 the Statement of Comprehensive Income.

2.6 Stocks

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

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

PONTRILAS PACKAGING LIMITED

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

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 Financial instruments

The Company is applying section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

PONTRILAS PACKAGING LIMITED

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

2. Accounting policies (continued)

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.

2.11 Finance costs

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

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred (see note 10).

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.13 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

PONTRILAS PACKAGING LIMITED

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

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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. The key areas are summarised below:

Depreciation

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

Provisions for stock

Provisions have been made for obsolete stock based on management's understanding, knowledge of future sales and historic trends.

PONTRILAS PACKAGING LIMITED

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

4. Turnover

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

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	35,182,233	26,298,704
Rest of Europe	55,113	213,343
	<u>35,237,346</u>	<u>26,512,047</u>

5. Other operating income

	2021 £	2020 £
Other operating income	<u>204,981</u>	<u>172,722</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	292,877	290,182
Operating lease rentals: plant and machinery	144,001	137,395
Other operating leases	<u>346,797</u>	<u>346,432</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>6,764</u>	<u>6,567</u>

Fees payable to the Company's auditors in respect of:

Taxation compliance services	2,315	2,205
All other services	1,378	1,312
	<u>3,693</u>	<u>3,517</u>

PONTRILAS PACKAGING LIMITED

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

8. Employees

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

	2021 £	2020 £
Wages and salaries	2,656,629	2,316,977
Social security costs	261,396	236,302
Other pension costs	72,117	66,302
	<u>2,990,142</u>	<u>2,619,581</u>

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

	2021 Number	2020 Number
Management and administration	8	9
Production and selling	80	76
	<u>88</u>	<u>85</u>

9. Directors' remuneration

	2021 £	2020 £
Aggregate directors' remuneration	93,357	92,894
Company contributions to defined contribution pension schemes	5,950	8,500
	<u>99,307</u>	<u>101,394</u>

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

The highest paid director received remuneration of £93,357 (2020: £92,894).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,950 (2020: £8,500).

PONTRILAS PACKAGING LIMITED

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

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	9,098	52,267
Finance leases and hire purchase contracts	30,070	33,593
	<u>39,168</u>	<u>85,860</u>

11. Tax on profit

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	554,351	26,729
Adjustments in respect of prior years	(29,578)	(36,902)
Total current tax	<u>524,773</u>	<u>(10,173)</u>
Deferred tax		
Origination and reversal of timing differences	72,044	26,456
Changes to tax rates	59,524	9,509
Adjustments in respect of prior years	(345)	-
Total deferred tax	<u>131,223</u>	<u>35,965</u>
Total tax	<u>655,996</u>	<u>25,792</u>

PONTRILAS PACKAGING LIMITED

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

11. Tax on profit (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 19.00% (2020: 19.00%). The differences are explained below:

	2021 £	2020 £
Profit before taxation	<u>3,291,723</u>	<u>1,437,684</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	625,427	273,160
Effects of:		
Expenses not deductible for tax purposes	968	2,203
Adjustments in respect of prior years	(29,923)	(36,902)
Effect of group relief/other reliefs	-	(222,178)
Changes in corporation tax rate	59,524	9,509
Total tax charge for the financial year	<u>655,996</u>	<u>25,792</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the Statement of Financial Position date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Statement of Financial Position date, would not be material to disclose.

PONTRILAS PACKAGING LIMITED

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

12. Tangible assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 August 2020	74,850	5,257,226	19,733	84,936	5,436,745
Additions	-	447,123	-	-	447,123
At 31 July 2021	<u>74,850</u>	<u>5,704,349</u>	<u>19,733</u>	<u>84,936</u>	<u>5,883,868</u>
Accumulated depreciation					
At 1 August 2020	73,082	3,189,946	19,733	84,936	3,367,697
Charge for the year	1,768	291,109	-	-	292,877
At 31 July 2021	<u>74,850</u>	<u>3,481,055</u>	<u>19,733</u>	<u>84,936</u>	<u>3,660,574</u>
Net book value					
At 31 July 2021	<u>-</u>	<u>2,223,294</u>	<u>-</u>	<u>-</u>	<u>2,223,294</u>
At 31 July 2020	<u>1,768</u>	<u>2,067,280</u>	<u>-</u>	<u>-</u>	<u>2,069,048</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	<u>1,104,512</u>	<u>1,440,259</u>

13. Stocks

	2021 £	2020 £
Raw materials and consumables	1,803,546	1,439,228
Finished goods and goods for resale	283,254	221,878
	<u>2,086,800</u>	<u>1,661,106</u>

Stock recognised in cost of sales during the year as an expense was £24,473,899 (2020: £18,424,561).

Included in the above stock balances is a provision of £20,000 (2020: £20,000).

PONTRILAS PACKAGING LIMITED

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

14. Debtors

	2021 £	2020 £
Trade debtors	8,666,723	4,698,565
Amounts owed by group undertakings	1,410,000	1,754,940
Other debtors	34,147	33,893
Corporation tax	-	144,844
Prepayments and accrued income	161,216	205,453
	<u>10,272,086</u>	<u>6,837,695</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Cash at bank and in hand

	2021 £	2020 £
Cash at bank and in hand	<u>1,289,397</u>	<u>138,536</u>

16. Creditors: amounts falling due within one year

	2021 £	2020 £
Invoice discounting	-	1,135,655
Trade creditors	5,821,520	2,797,309
Amounts owed to group undertakings	821,827	-
Corporation tax	194,930	-
Taxation and social security	557,004	982,292
Obligations under finance lease and hire purchase contracts	160,833	196,491
Other creditors	41,172	33,557
Accruals and deferred income	207,857	127,190
	<u>7,805,143</u>	<u>5,272,494</u>

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

	2021 £	2020 £
Net obligations under finance leases and hire purchase contracts	<u>651,858</u>	<u>786,265</u>

The Company has given guarantees to its bankers in respect of the bank overdrafts and borrowings of Pontrilas Group Limited, Pontrilas Merchants Limited, Pontrilas Harvesting Limited and Pontrilas Sawmills Limited. The total bank borrowings of the Group as at 31 July 2021 is £4,625,888 (2020: £10,061,430). The directors do not anticipate any liability arising as a result of these guarantees.

PONTRILAS PACKAGING LIMITED

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

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	187,284	224,914
Between one and five years	702,314	737,262
More than five years	-	107,517
Less: Finance costs	(76,907)	(86,937)
	<u>812,691</u>	<u>982,756</u>

19. Deferred taxation

	2021 £
At beginning of year	116,795
Charged to profit or loss	131,568
Adjustment in respect of prior years	(345)
At end of year	<u>248,018</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	253,298	117,156
Other timing differences	(5,280)	(361)
	<u>248,018</u>	<u>116,795</u>

20. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100,104 (2020: 100,104) Ordinary shares of £1 (2020: £1) each	<u>100,104</u>	<u>100,104</u>

21. Profit and loss account

The profit and loss account includes all current and prior year profits and losses.

PONTRILAS PACKAGING LIMITED

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

22. Capital commitments

At 31 July the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	<u>1,872,549</u>	<u>1,839,926</u>

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £72,117 (2020: £66,302).

24. Commitments under operating leases

At 31 July the Company had future minimum lease payments under non-cancellable operating leases for periods:

	2021 £	2020 £
Motor vehicles		
Not later than 1 year	119,016	129,926
Later than 1 year and not later than 2 years	89,616	98,342
Later than 2 year and not later than 5 years	69,472	123,674
	<u>278,104</u>	<u>351,942</u>
	2021 £	2020 £
Land and buildings		
Not later than 1 year	346,432	346,432
Later than 1 year and not later than 2 years	346,432	346,432
Later than 2 years and not later than 5 years	1,039,296	1,039,296
Later than 5 years	4,070,576	4,417,008
	<u>5,802,736</u>	<u>6,149,168</u>

25. Ultimate parent undertaking and controlling party

Pontrilas Group Limited is the ultimate controlling party by virtue of its 100% share ownership of Pontrilas Packaging Limited.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Pontrilas Group Limited, a company registered in England and Wales. The registered office of Pontrilas Group Limited is The Sawmills, Pontrilas, Hereford, HR2 0BE.