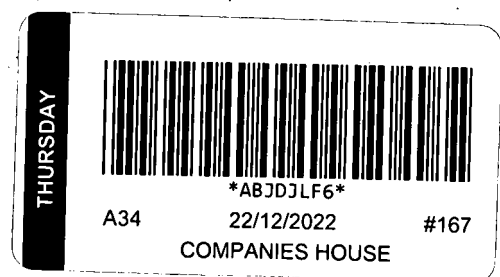


Albea UK Limited

**Annual report and financial statements
31 December 2021**

Registered number 00061652



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Strategic report

The directors present their strategic report for the year ended 31 December 2021.

Principal activities and future developments

The Company's principal activity during the year was the manufacture of specialised packaging for the personal care and consumer markets. The Company is a major supplier of tubes to the dentifrice and personal care markets. This is not expected to change in the foreseeable future given the mature global industry in which the company operates.

Business review

The profit before taxation was £845,000 (2020: £1,194,000) for the year. The Company's profit before taxation decreased during the year as a result of the reduction in sales along with an increase in the impact of foreign exchange losses. For the balance sheet there was no significant movement with net current assets (excluding the deferred taxation asset) being in line with the prior year and fixed assets reducing due to depreciation being above new additions given the limited capital projects undertaken in 2021.

Business environment

The external commercial environment is expected to remain competitive during 2022 as the dentifrice market continues to globalise. However, the directors remain confident that the Company will maintain its current level of performance in the future.

Key performance indicators

Given the straightforward nature of the businesses, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The directors of the Albea Group manage the group's risk at a group level, rather than at an individual business unit level and a full discussion of these risks are included in the Group's Annual Report. However, on a Company basis, the directors feel that the following risks apply at a local level:

Material price rises

The Company's costs are sensitive to raw material price changes including any potential Brexit impacts. To mitigate this risk, price discussions are held with customers on a regular basis.

Supply chain

The Company is exposed to potential supply chain disruptions due to delay in the availability of raw materials including any potential impacts from Brexit and Covid-19. This risk is mitigated through effective supplier selection and procurement practices supplemented by appropriate insurance cover.

Customer base

The Company is reliant on a small number of customers. To mitigate this risk regular meetings are held with significant customers.

Financial risk management

The Company is exposed to currency risk as a result of its operations, principally in relation to the purchase of raw materials and to a lesser extent exports and royalty income. The Company mitigates this risk through its supplier procurement selection as well as price discussions with customers. In addition, from time to time, the company uses cash flow hedges or holds foreign currency deposits/borrowings in non-functional currencies to mitigate risk.

The group has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only cash balances. These assets and liabilities are subject to interest rate fluctuations. The Group reviews its interest rate policy on a regular basis.

The Company is exposed to liquidity risk including the potential impacts of Covid-19 and Brexit. The Company has committed banking facilities and the finance team regularly monitors available cash balances and available facilities to ensure sufficient funds are available to meet on-going obligations.

The Company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed on the ability of the customer to pay. Regular reviews of credit limits and monitoring of the aged receivables ledger are utilised to minimise the risk to the Company of bad debts on an on-going basis.

Strategic report (continued)

Section 172 Statement

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the effects of COVID-19 and Brexit as outlined under 'principal risks and uncertainties', above. The Strategy set by the Board is intended to strengthen our position as a UK laminate tube-making company recognising the changing requirements of our stakeholders on whom the long-term success of our business is dependent.

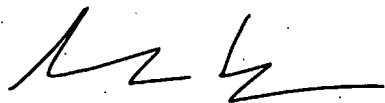
The Directors recognise that the Company's employees are fundamental to our business and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees and includes ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The Directors factor in and communicate the implications of decisions on employees where relevant and feasible.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and government bodies. The board continually assesses the priorities related to customers and engages with them to ensure the relevance of our business strategy and investment policies. We monitor our suppliers to ensure our products and services supply is maintained to our documented standard whilst also adhering to the required payment practices.

The company assesses the impact of its operations on the community and the environment by continually reviewing working practices. Our investment programmes include environmentally focused projects.

The Board periodically reviews and approves its code of conduct, ethics and compliance policies, and modern slavery statements to ensure that high standards are maintained within the business and the business relationships we maintain.

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



D Eaton
Director
22 December 2022

Directors' report

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

Future developments and financial risk management

These are disclosed within the strategic report.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D Eaton	
K Graves	
J Filipe	Resigned on 01 November 2021
L Magalhães	Appointed on 1 November 2021, Resigned on 1 July 2022
B De Saint-Aubin	Appointed on 1 July 2022

Statement of directors' responsibilities in respect of the financial statements

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 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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;
 - state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
 - make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Directors' report (continued)

Employment policies

Throughout the Company there is close consultation between management and other employees in matters of concern. Overall the Company endeavours to keep employees well informed about the progress and position of the Company in order that they may participate in these matters.

The policy of the Company is to ensure that disabled applicants for employment are given full and fair consideration and that existing disabled employees are given equal access to training, career development and promotion opportunities. In the event of employees becoming disabled whilst in employment of the Company, all reasonable measures are explored to achieve retention in employment in the same or an alternative capacity.

Going concern

The company operates predominantly in the UK with a significant proportion of its revenues generated from a small number of customers under long term agreements. It is part of the wider Albea Group and therefore has access to the financing and debt facilities of this group in order to manage its day to day cash requirements.

In assessing the ability of the Company to continue to operate as a going concern the directors have forecasted the projected financial performance of the Company until the end of Dec 2023. This was based upon the board approved budget. Further, severe but plausible downsides, have been applied to these projections, including but not limited to negative sales growth in 2023 and bad debts increasing in 2023, and headroom against cash facilities continues to be noted. Based upon current demand and market expectations, the directors do not believe that there would be a material difference in forecasted cashflows between Q1 2023 and Q1 2022. Based upon this assessment the Directors have approved these financial statements on a going concern basis.

Dividends

There was no dividend payment in either the current or prior year; the Directors do not recommend any further dividend.

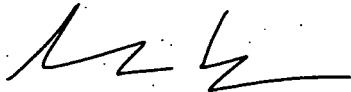
Directors' indemnities

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. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Independent auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the appointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

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



D Eaton
Director
22 December 2022

De Novo House
Newcomen Way
Colchester
Essex,
CO4 9AE
England

Independent auditors' report to the members of Albea UK

Report on the audit of the financial statements

Opinion

In our opinion, Albea UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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, including FRS 101 "Reduced Disclosure Framework", 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 and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Comprehensive Income and 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.

Independent auditors' report to the members of Albea UK (continued)

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.

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 December 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 Statement of directors' responsibilities in respect of the financial statements, 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.

Independent auditors' report to the members of Albea UK (continued)

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 UK employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. 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 the posting of inappropriate journals, manipulation of key judgements / significant estimates or the mis-reporting of significant / unusual transactions or events. Audit procedures performed by the engagement team included:

- discussions with management around any known instances of fraud, non-compliance with laws/regulations, claims made against the company which could have a material impact on the financial statements or significant / unusual transactions outside of the normal course of business;
- reviewed board minutes to ascertain the completeness of such matters;
- tested journals, utilising a risk-based approach, with a focus on journals with unusual account combinations or those which increased reported revenues and the corresponding debit entry was to an unexpected account. Our testing also included testing of the completeness of data subject to our risk assessment criteria;
- testing significant estimates / judgements for appropriate application of accounting standards and the company's accounting policies. This included testing the appropriateness of underlying data and/or models underpinning the estimate, understanding the accuracy of prior year estimates and considering any implications for current year estimates, and considering the appropriateness of the estimate and the disclosure of the estimate within the notes to the financial statements;
- reviewing the financial statements for disclosures required by the Companies Act 2006; and
- performing unpredictable audit procedures during the course of our audit, which are changed year on year.

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.

Independent auditors' report to the members of Albea UK (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.



Andrew Dymond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
22 December 2022

Statement of Comprehensive Income
for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	2	30,648	33,678
Cost of sales		(25,739)	(27,593)
Gross profit		4,909	6,085
Distribution costs		(1,752)	(1,990)
Administrative expenses		(4,312)	(3,225)
Other operating income	3	2,189	595
Profit before interest and taxation	4	1,034	1,465
Net Finance Costs	5	(189)	(271)
Profit before taxation		845	1,194
Tax on profit	8	1,290	148
Profit for the financial year		2,135	1,342
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		2,135	1,342

There is no material difference between the profit before taxation and the Profit for the financial year stated above and their historical costs equivalents.

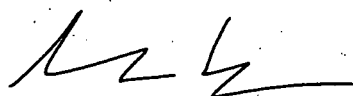
All profits are from continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

Statement of Financial Position
at 31 December 2021

	Note	2021 £000	2020 £000	2020 £000
Fixed Assets				
Intangible Assets	10	578	660	
Property, plant and equipment	9	13,672	15,602	
Other Debtors	12	1,274	1,274	
			15,524	17,536
Current assets				
Inventories	13	2,152	2,059	
Trade and Other Receivables	14	36,672	36,613	
Cash and cash equivalents		40	121	
Deferred tax asset (including amounts of £1,849,000 (2020: £609,000) due after more than one year)	8	2,279	989	
		41,143	39,782	
Creditors: amounts falling due within one year	15	(12,145)	(13,987)	
Net current assets			28,998	25,795
Total assets less current liabilities			44,522	43,331
Creditors: amounts falling due after more than one year	16	(4,960)	(5,927)	
Provisions for liabilities	17	(1,371)	(1,348)	
Net assets			38,191	36,056
Equity				
Called up share capital	19	27,500	27,500	
Retained earnings		10,691	8,556	
Total shareholders' funds			38,191	36,056

The financial statements on pages 9 to 26 were approved by the Board of Directors on 22 December 2022 and signed on its behalf by:



D Eaton
Director

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
Balance as at 1 January 2020	27,500	7,214	34,714
Profit for the financial year	-	1,342	1,342
Total comprehensive Income for the year	-	1,342	1,342
Balance at 31 December 2020	27,500	8,556	36,056
Profit for the financial year	-	2,135	2,135
Total comprehensive income for the year	-	2,135	2,135
Balance at 31 December 2021	27,500	10,691	38,191

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements of Albea UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The company is Domiciled in England, United Kingdom and its registered office is also located In England.

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Disclosure of these is included at the end of note 1.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'; and
 - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
 - Comparative period information in respect of the following (IAS 1.38):
 - A reconciliation of shares outstanding at the beginning and end of the period (IAS 1.79(a)(iv));
 - A reconciliation of carrying amount of PPE at the beginning and end of the period (IAS 16.73(e));
 - A reconciliation of carrying amount of intangible assets at the beginning and end of the period (IAS 38.118(e))

Notes (continued)

1 Accounting policies (continued)

IFRS 16

IFRS 16 'Leases' replaces IAS 17 'Leases' and is effective for annual reporting periods beginning on or after 1 January 2019. The Company has no leases previously classified as finance leases. From 1 January 2019 liabilities for leases previously classified as operating leases have been measured in accordance with IFRS 16 using the modified retrospective approach under Paragraph C3 of IFRS 16 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC4.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

- The Company has not reassessed contracts that were not identified as leases under IAS 17 and IFRIC 4 to determine whether these are a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after 1 January 2019; and
- For leases previously classified as operating leases under IAS 17 –
 - the Company has applied a single discount rate to a portfolio of leases with similar characteristics.
 - the Company has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.

The Company assesses whether a contract is, or contains, a lease at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with a value of less than £5,000). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is calculated based upon a combination of the risk-free rate, financing, and asset-specific credit spreads, adjusted for the term of each lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 were as follows:

- Property 4.0 – 5.0%
- Motor vehicles, plant and machinery and IT equipment 2.5% - 4.5%

Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Prior to the adoption of IFRS 16, operating leases were contractual arrangements conferring the right of use of an asset but where substantially all of the risks and rewards incidental to ownership were not transferred to the Group, the total rentals payable under the lease were charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. The aggregate benefit of lease incentives was recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Building Lease liabilities are calculated assuming the break clause won't be taken, given that this would be detrimental to the company. If the clause is taken the impact to the P&L would be immaterial recorded as a reduction to the lease assets and liabilities on the balance sheet.

Notes (continued)

1 Accounting policies (continued)

Consolidation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company is included in the consolidated financial statements of a larger group headed by Albéa Group S.A.S., a parent undertaking established under the law of a member state of the European Union.

These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The financial statements are presented in Pounds sterling (£) which is also the Company's functional currency.

b) Transactions and balances

Transactions in foreign currencies are recorded in the functional currency using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are included in the Profit and Loss account.

Revenue recognition

Revenue comprises the invoiced value for the sales of goods and services net of value added taxes, rebates and discounts. Revenue from the sales of goods and services is recognised when delivery has occurred, or when the significant risks and rewards of ownership have transferred to the customer.

The Company recognises income from inter-company royalties based upon applicable contractual terms. As these incomes do not relate to the principal activity of the company they are recognised within other operating income.

Research and development expenditure

Expenditure on research and development is written off to administrative expenses in the year in which it is incurred.

Interest income

Interest income on loans to fellow group subsidiaries is calculated at the applicable rate of interest and is recognised in the profit and loss account as it accrues over the period of the loan.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Other income

Where monies are received in relation to items which do not form part of the principal activities of the Company these are reported as other income. Other income is recognised when there is an obligation on the counter party to make a payment to the Company based upon services provided or costs incurred by the Company.

Notes (continued)

1 Accounting policies (continued)

Income taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholder's funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investments

The Company's investment in its subsidiaries is carried at cost less any provision considered by the Directors to be necessary to reflect permanent diminution in value.

Property, plant and equipment, and Intangible Assets

Property, plant and equipment is stated at historical cost to the Company less accumulated depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	- Life of lease
Plant and machinery	- 3 – 15 years
Fixtures, fittings, Tools, and equipment	- 5 – 10 years
Software	- 10 years
Capital work in progress	Not depreciated

Inventory

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Pensions

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 amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Critical accounting estimates and judgements

The company makes estimates and judgements in relation to the future which have a significant impact on these financial statements. The critical estimates and judgements are set out below:

Impairment of assets

The recoverability of assets (fixed assets, inventory, and trade and other receivables) is assessed at each year end and impairment provisions are recognised where the expected future cash inflows are not in excess of the carrying value of the asset at the year end. This assessment is based upon the latest budgeted future performance for fixed assets, future sales forecasts for inventory and expected cash recoveries for trade and other receivables. The actual outcomes may differ from these estimated cash flows due to factors outside of the company's control.

Recognition of deferred tax assets

The deferred tax asset is recognised on the basis of the amounts expected to be recovered against future taxable income. The estimated recovery of this asset is based upon the budgeted performance of the company, taking into account for the risks and uncertainties associated with the company's customer base. Future events may result in more of this asset being recovered than is recognised at the year end and the unrecognised deferred tax asset is disclosed in note 8.

Asset retirement obligations

Provisions are made for asset retirement obligations, dilapidations and contingencies principally for building leases based on Management's best estimate of likely expenditure at the end of the lease term. In assessing the level of provision required Management considers both legislative and contractual obligations with input from professional advisors.

Notes (continued)

2 Revenue

	2021 £000	2020 £000
By geographical market		
Europe including United Kingdom	29,438	31,416
Rest of the World	1,210	2,262
	<u>30,648</u>	<u>33,678</u>

Geographical analysis is based on the country in which the order is received. This analysis is not materially different to an analysis based on the country of destination. The revenue relates to the sole principal activity of the Company.

3 Other operating income

	2021 £000	2020 £000
Other Revenue	150	183
Gain on Disposals of Machinery	65	278
Government Grant (Job Retention Scheme / Furlough)	-	134
Recharge of costs incurred on behalf of related party (see note 22)	1,974	-
	<u>2,189</u>	<u>595</u>

4 Profit before interest and taxation

	2021 £000	2020 £000
Profit before interest and taxation is stated after charging/ (crediting):		
Depreciation and amortisation	2,384	2,634
Central Management fees	764	812
Gain on Disposals of Machinery	(65)	(278)
Inventories recognised as an expense	15,763	16,549
Dilapidations on property lease	24	24
Exchange Loss	218	55
	<u></u>	<u></u>

Notes (continued)

4 Profit before interest and taxation (continued)

Auditors' remuneration:

	2021 £000	2020 £000
Audit of these financial statements	65	59
Other assurance services	-	-

5 Net Finance Costs

	2021 £000	2020 £000
On factoring arrangements	52	54
Other interest – Intercompany Income	(159)	(113)
Interest on Leases (see note 9)	296	330
	189	271

6 Staff numbers and costs

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021 Full time equivalent	2020 Full time equivalent
Manufacturing	126	143
Distribution	12	13
Administration	33	34
	171	190

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	6,196	5,744
Social security costs	611	603
Other pension costs (see note 21)	672	604
Redundancy and Severance	-	16
	7,479	6,967

Notes (continued)

7 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments	450	475
Pension costs	45	51
	<u>495</u>	<u>526</u>
The amounts in respect of the highest paid director are as follows:		
Total emoluments receivable	169	185
Amount of company contributions paid, or treated as paid to a money purchase pension scheme	11	34
	<u>180</u>	<u>219</u>

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</u>

8 Tax on profit

Analysis of tax credit in year	2021 £000	2020 £000
UK corporation tax	-	-
Current tax expense on profit for the year	-	-
Total current tax	-	-
Deferred tax	(1,290)	(148)
Total deferred tax	<u>(1,290)</u>	<u>(148)</u>
Tax on profit	<u>(1,290)</u>	<u>(148)</u>

Notes (continued)

9 Tax on profit (continued)

The tax credit for the year is higher than (2020: Higher than) the standard effective tax rate in the year. The below reconciles the tax, at the effective standard rate to the tax credit for the year:

	2021 £000	2020 £000
Profit before taxation	845	1,194
Corporation tax at 19% (2019: 19%)	161	227
Effects of:		
Expenses not deductible for tax purposes	3	-
Income not taxable for tax purposes	-	(3)
Group loss relief benefit received for £nil (2019: £nil) consideration	(343)	(194)
Transfer pricing adjustments	160	173
Recognition of deferred tax asset in the year	(1,185)	(419)
Fixed asset difference	16	21
Capital gains difference	-	2
Deferred tax not recognised	(108)	51
Adjustments in respect of prior periods – Deferred Tax	6	(4)
Other tax adjustments, reliefs, and transfers	-	(2)
Total tax credit	(1,290)	(148)

Tax charge includes unrecoverable withholding tax paid on overseas income.

Deferred taxation

A deferred tax asset, resulting from accelerated capital allowances and other timing differences, of £2,279,000 (2020: £948,000) has been recognised in the financial statements on the basis that the directors consider this to be recoverable. A potential deferred tax asset of £2,657,000 (2020: £3,525,000) has not been recognised in the financial statements as it is not thought to be recoverable since non-trading tax losses elsewhere within the Albea UK Limited tax group are expected to be available to offset against future tax profits for the immediate future. The deferred tax asset is expected to be realised over the next six years, of which £1,849,000 (2020: £609,000) is expected to be realised in a period greater than one year.

	£000
Balance as at 1 January 2020	841
Credited to the Statement of comprehensive income	148
Balance as at 31 December 2020	989
Credited to the Statement of comprehensive income	1,290
Balance at 31 December 2021	2,279

Factors affecting current and future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. On 17 October 2022, the Chancellor of the Exchequer confirmed that, in line with the previously enacted legislation, the UK corporation tax rate will increase to 25% from 1 April 2023. This will increase the Company's future current tax charge accordingly. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 December 2021. The above has had no impact on the tax charge for the year.

Notes (continued)

10 Property, plant and equipment

	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings, Tools and equipment £000	Work in Progress - PPE £000	Total £000
Cost					
At 1 January 2021	10,485	25,129	1,996	1,121	38,731
Additions	-	354	124	(79)	399
Reclassification	738	229	(66)	(901)	-
Disposals	-	(1,124)	(10)	-	(1,134)
At 31 December 2021	11,223	24,588	2,044	141	37,996
Accumulated depreciation					
At 1 January 2021	4,692	16,938	1,499	-	23,129
Charge for the year	1,008	1,170	113	-	2,291
Disposals	-	(1,087)	(9)	-	(1,096)
At 31 December 2021	5,700	17,021	1,603	-	24,324
Net book value					
At 31 December 2021	5,523	7,567	441	141	13,672
At 31 December 2020	5,793	8,191	497	1,121	15,602

Depreciation is charged to cost of sales where the asset is production related and administrative expense for all other assets.

Included within the above are £4,831,000 in relation to leasehold improvements and £1,789,000 in relation to plant and machinery which relate to assets which are leased to the Company and accounted as Right of Use assets.

Company as a lessee: the company has recognised the following amounts in respect of leases.

	2021 £000	2020 £000
Lease Liabilities		
Current	1,274	1,274
Non-Current	4,960	5,927
	6,234	7,201

Notes (continued)

9 Property plant and equipment

Lease Liabilities includes Building leases which have been provided for the full term of the lease. There is a break clause in June 2024 which can be exercised by the tenant.

Contractual undiscounted cash flows are due as follows:

	2021	2020
	£000	£000
Not later than one year	1,367	1,439
Later than one year and not later than five years	2,995	3,171
Later than five years	3,157	3,607
Total Gross payments	7,519	8,217
Impact of finance expenses	(1,284)	(1,016)
Carrying amount of liability	6,234	7,201

Where the company is a lessee, the following amounts have been recognised in the income statement.

	2021	2020
	£000	£000
Interest Expense (included in finance cost)	296	330
Expense relating to short-term leases or of low value assets (included in admin expenses)	33	126

11 Intangible Assets

	Software
	£000
Cost	
At 1 January 2021	1,124
Additions	34
Reclass	-
Disposals	(23)
At 31 December 2021	1,135
Accumulated amortisation	
At 1 January 2021	464
Charge in the year	93
At 31 December 2021	557
Net book value	
At 31 December 2021	578
At 31 December 2020	660

Notes (continued)

12 Other Debtors

	2021 £000	2020 £000
Escrow	1,150	1,150
Deposit on machine rental – operating lease	124	124
	<u>1,274</u>	<u>1,274</u>

Other Debtors includes an amount of £1,150,000 (2020: £1,150,000) held in an Escrow account to cover the costs of future building works.

13 Inventories

	2021 £000	2020 £000
Raw materials and consumables	1,365	1,421
Work in progress	401	275
Finished goods and goods for resale	386	363
	<u>2,152</u>	<u>2,059</u>

The replacement cost and net carrying value of inventory is not materially different. Inventory is stated after provisions for impairment of £103,000 (2020: £132,000).

Notes (continued)

14 Trade and Other Receivables

	2021 £000	2020 £000
Trade receivables	2,887	3,336
Amounts owed by group undertakings	33,486	32,985
Prepayments and accrued income	299	292
	<u>36,672</u>	<u>36,613</u>

Trade receivables are stated after provisions for impairment of £4,000 (2020: £10,000).

Within Trade receivables are amounts owed by Albea Creative UK Limited of £1,274,889 (2020: £785,194), an investment in a Joint Venture by the Albéa Group S.A.S.

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

15 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Borrowings (see note 18)	1,062	1,155
Trade creditors	4,908	4,790
Amounts owed to group undertakings	2,649	2,695
Other taxation and social security	1,650	1,978
Other creditors	269	1,695
Lease Liabilities (see note 9)	1,274	1,274
Accruals	333	400
	<u>12,145</u>	<u>13,987</u>

Amounts owed to group undertakings are interest free, unsecured, and repayable on demand.

Within Other taxation and social security are amounts due for VAT which have been deferred until 2022 £439,315 (2020: £937,305).

16 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Lease Liabilities (see note 9)	4,960	5,927
	<u>4,960</u>	<u>5,927</u>

Notes (continued)

17 Provisions for Liabilities

Provisions for liabilities and charges of £1,371,000 (2020: £1,348,000) principally relate to estimated costs for dilapidations and other building works. These costs are based upon the expected costs of rectification work or agreed schedules of works that are to be completed over the coming 1-5 years and therefore the timing of these amounts is uncertain. The movement in the year relates to additional charges accrued for.

18 Borrowings

	2021 £000	2020 £000
Invoice discounting arrangements	1,062	1,155
	<u>1,062</u>	<u>1,155</u>
Amounts falling due within one year	1,062	1,155
	<u>1,062</u>	<u>1,155</u>

Amounts due under invoice discounting and hire purchase agreements are secured against the assets to which they relate and attract interest at a variable rate.

19 Called up share capital

	2021 £000	2020 £000
Allotted, issued and fully paid		
27,500,000 ordinary shares of £1 each (2020: 27,500,000)	27,500	27,500
	<u>27,500</u>	<u>27,500</u>

20 Capital and other commitments and contingencies

The Company had authorised and contracted for capital commitments at the Statement of Financial Position date of Nil (2020: £110,000), and authorised but not contracted commitments of Nil (2020: £21,000).

21 Pensions

The Company offers membership to a defined contribution pension scheme to its UK employees and directors.

The charge in respect of pension costs for the year represents contributions payable by the company to the funds and amounted to £641,000 (2020: £604,000). The amounts accrued but not paid at the year-end amounted to £22,557 (2020: £57,000).

Notes (continued)

22 Related party transactions

In accordance with IAS 24, the Company, being a wholly owned subsidiary of Albéa Group S.A.S. which prepared a statement of related party transactions including that of this Company, has not prepared such a statement itself.

During the year the Company Albéa Groupe S.A.S. sold £2,507,236 (2020: £2,556,331) of assets, raw materials and services to Albea Creative UK Limited, a new joint venture company. Albea Creative UK Limited is 50% (2020: 50%) owned by the Albéa Group S.A.S. At 31 December 2021 £1,274,889 (2020: £785,194) was outstanding and is included within debtors. The receivable is unsecured, and no guarantees have been received.

The key management are deemed to be the directors and therefore key management remuneration is the same as that disclosed in note 7.

23 Company registration and ultimate parent company

The Company is a private company, limited by shares and is registered in England & Wales.

At the year end, the Company's immediate parent company was Betts Limited, a company registered in England & Wales.

Albéa Group S.A.S., incorporated in Luxembourg is the parent undertaking of the largest and smallest Group into which the results of the company are consolidated. The consolidated financial statements of the Group are available to the public and may be obtained from Albéa Groupe S.A.S., 43-45, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg.

The ultimate parent undertaking and controlling party of the Company is a private equity investment fund advised by an affiliate of PAI Partners.