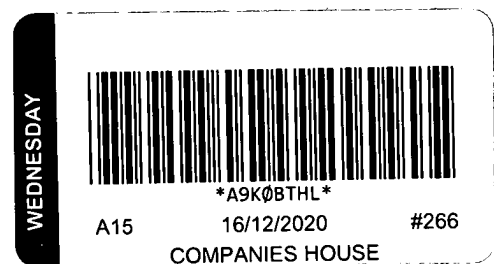


Valpak Holdings Limited

Report and Financial Statements

for the year ended 31 December 2019

Registered Number: 07597708



Valpak Holdings Limited

Registered No: 07597708

Corporate information

Directors

The Rt Hon John Gummer Lord Deben

Steve Gough

Adrian Hawkes

Ruth Beckley (appointed 14 January 2019)

Paul Cox

John Sullivan

Alan Price (appointed 14 January 2019, resigned 30 September 2019)

Philip Gale (resigned 30 June 2019)

Secretary

John Sullivan

Auditor

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Banker

Lloyds Bank Plc

Canons House

Canons Way

Bristol

BS1 5LL

Solicitor

Shoosmiths LLP

2 Colmore Square

38 Colmore Circus Queensway

Birmingham

B4 6SH

Registered Office

Unit 4, Stratford Business Park

Banbury Road

Stratford-upon-Avon

Warwickshire

CV37 7GW

Valpak Holdings Limited

Directors' report

Registered No: 07597708

The directors present their report and audited financial statements for the year ended 31 December 2019.

Principal activities

The company acts as an intermediate holding company providing management services principally to Valpak Limited.

Business review

The Company made a profit after tax of £1,587,000 during the year (2018: £7,304,000) as a result of dividends received from its subsidiary Valpak Ltd for £1,708,000 (2018: £7,232,000). No dividends were paid or proposed during the year (2018: £16,072,000).

The directors do not assess the performance of the Company with regard to key performance indicators.

Principal risks and uncertainties

The principal risks to the Company is that the investments in subsidiaries and debts due from/to other group undertakings become irrecoverable in the event that the underlying trading of the subsidiaries falls considerably short of expectations. The Company continually reviews financial and non-financial key performance indicators at board and operational levels to monitor and mitigate this risk.

Directors of the company

The current directors are shown on page 1. There are no directors' interests requiring disclosure.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for the OS Phoenix Midco Limited Group, of which the company is a member, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic environment due to COVID-19, including an additional period of lockdown, resulting in a reduction in revenue, and limited growth during 2021. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, intercompany balances and cash generated through operating profits. The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant attached to the Secured term loans.

Valpak Holdings Limited

Directors' report (continued)

Going concern (continued)

Those forecasts are dependent on the Group's immediate parent, OS Phoenix Topco Limited, not seeking repayment of the amounts due from the group which at the year-end amounted to £75,599k. OS Phoenix Topco Limited has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, until such time that the Group is able to realise its assets and discharge its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business.

Valpak Holdings Limited's intermediate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditors

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

Disclosure of information to auditors

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

The directors have taken advantage of the small companies' exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

By order of the board



Steve Gough
Director
Unit 4, Stratford Business Park
Banbury Road
Stratford-upon-Avon
Warwickshire
CV37 7GW

11 December 2020

Valpak Holdings Limited

Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Valpak Holdings Limited

Opinion

We have audited the financial statements of Valpak Holdings Limited ("the Company") for the year ended 31 December 2019 which comprise the Income Statement, the Balance Sheet, Statement of Changes in Equity and the related notes 1 to 14, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled ethical responsibilities and are independent of the Company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditors' report (continued)
to the members of Valpak Holdings Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

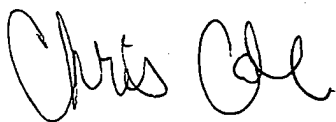
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Chris Cole (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

11 December 2020

Valpak Holdings Limited

Income statement

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses excluding share-based payment		(261)	(109)
Share based payment		-	(150)
Administrative expenses		(261)	(259)
Excluding share-based payment ("EBITDA")		(261)	(109)
Share based payment		-	(150)
Operating loss	2	(261)	(259)
Income from investments		1,708	7,232
Interest receivable	3	118	187
Interest payable	4	-	(29)
Profit before taxation		1,565	7,131
Taxation	6	22	173
Profit for the financial year		1,587	7,304

The Company has no recognised gains or losses other than those shown in the Income Statement.

The notes on pages 10 to 19 are an integral part of these financial statements.

Valpak Holdings Limited

Balance sheet

at 31 December 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Investments in subsidiaries	7	2,364	2,364
		2,364	2,364
Current assets			
Debtors: amounts falling due within one year	8	4,607	4,560
Income tax receivable	6	133	3,730
Cash at bank and in hand		3,608	424
		8,348	8,714
Current liabilities			
Creditors: amounts falling due within one year	9	(5,561)	(7,514)
		(5,561)	(7,514)
Net current assets		2,787	1,200
Net assets		5,151	3,564
Capital and reserves			
Called up share capital	10	8	8
Share premium account	11	749	749
Capital contribution	12	700	700
Profit and loss account		3,694	2,107
		5,151	3,564

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements on pages 7 to 9 were authorised for issue by the board of directors on 11 December 2020 and were signed on its behalf.



Steve Gough
Director

Company registered number: 07597708

Valpak Holdings Limited

Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the parent				
	Issued capital (note 10) £000	Share premium (note 11) £000	Capital contrib'n (note 12) £000	Profit and loss account £000	Total £000
At 31 December 2017	8	742	700	9,923	11,373
Profit for the year	-	-	-	7,304	7,304
Share options exercised	-	7	-	952	959
Dividend declared and paid	-	-	-	(16,072)	(16,072)
At 31 December 2018	8	749	700	2,107	3,564
Profit for the year	-	-	-	1,587	1,587
At 31 December 2019	8	749	700	3,694	5,151

The notes on pages 10 to 19 are an integral part of these financial statements.

Valpak Holdings Limited

Notes to the financial statements

at 31 December 2019

1. Accounting policies

Valpak Holdings Limited is a private company limited by shares and is incorporated in England. The registered number is 07597708 and the registered address is Stratford Business Park, Banbury Road, Stratford-upon-Avon, CV37 7GW.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and the Companies Act 2006.

The Company's ultimate parent undertaking, OS Phoenix Midco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of OS Phoenix Midco Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of OS Phoenix Midco Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain financial assets and liabilities as fair value.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 1.6.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for the OS Phoenix Midco Limited Group, of which the company is a member, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic environment due to COVID-19, including an additional period of lockdown, resulting in a reduction in revenue, and limited growth during 2021. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

1.2 Going concern (continued)

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, intercompany balances and cash generated through operating profits. The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant attached to the Secured term loans.

Those forecasts are dependent on the Group's immediate parent, OS Phoenix Topco Limited, not seeking repayment of the amounts due from the group which at the year-end amounted to £75,599k. OS Phoenix Topco Limited has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, until such time that the Group is able to realise its assets and discharge its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business.

Valpak Holdings Limited's intermediate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Related party transactions

As the whole of the Company's voting rights are controlled within the group headed by OS Phoenix Midco Limited, the Company has taken advantage of the exemption contained in FRS 102 and has, therefore, not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of OS Phoenix Midco Limited, within which this company is included, can be obtained from Companies House.

Valpak Holdings Limited

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.5 Basic financial instruments

a) Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

b) Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

c) Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1. Accounting policies (continued)

1.6 Significant accounting policies

a) Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

b) Other non-current financial assets

Subsequent to initial recognition at fair value plus transaction costs, these assets are carried at amortised cost less impairment using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the Income Statement. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

An impairment assessment is carried out at the balance sheet date. The asset will be considered to be impaired if, and only if, there is objective evidence of impairment as a result of events that have an adverse impact on the estimated future recoverability of the asset.

c) Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- Fair value of the consideration (excluding contingency consideration) transferred; plus
- Estimated amount of contingency consideration (see below); plus
- Fair value of the equity instruments issued; plus
- Directly attributable transaction costs; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingency on future events is recognised based on the estimated amount if the contingent consideration is probably and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

d) Goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. Depending on the underlying circumstances of acquisition and related underlying businesses, the finite useful lives of related goodwill arising are estimated to be between 5 and 10 years at the date of acquisition.

Fair values on acquisition have been calculated based on their net book values at the date of acquisition.

The company reviewed the amortisation period and method when events and circumstances indicate the useful life may have changed since the last reporting date.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

1.6 Significant accounting policies (continued)

d) Goodwill (continued)

Goodwill and other intangible assets are tested for impairment in accordance with Section 27

Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

e) Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

1.6 Significant accounting policies (continued)

f) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

g) Interest receivable

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

h) Employee benefits

Defined contribution plans and other long-term employment benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the profit and loss account in the periods during which services are rendered by employees.

i) Share based payment transactions

The fair value of equity-settled employee share options granted is calculated at grant date and the resulting cost is charged to the Income Statement with a corresponding increase in liabilities. The value of the charge is adjusted to reflect expected levels of options vesting.

Valpak Holdings Limited

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

1.6 Significant accounting policies (continued)

j) Borrowings

All interest-bearing loans and borrowings, which are basic financial instruments, are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment.

2. Operating loss

Auditors' remuneration of £4,000 (2018: £2,000) is paid by its subsidiary Valpak Limited.

3. Interest receivable

	2019 £000	2018 £000
Interest on bank deposits	-	3
Interest income on a loan to parent undertaking (note 8)	118	184
	118	187

4. Interest payable

	2019 £000	2018 £000
Interest on bank balances	-	2
Interest on borrowings	-	27
	-	29

5. Staff costs and directors' remuneration

	2019 £000	2018 £000
Wages and salaries	606	687

	Number	Number
Average number of employees during the year	5	10

The remuneration of the directors' for the year was as follows:

	2019 £000	2018 £000
Remuneration including performance related bonuses	527	687
Highest paid director	205	204

The Directors were remunerated for their services to the Company by Valpak Limited.

Valpak Holdings Limited

Notes to the financial statements

at 31 December 2019

6. Taxation

a) Tax credit in the income statement

	2019 £000	2018 £000
Current income tax:		
UK corporation tax	-	(19)
Group relief receivable	(22)	-
Adjustments in respect of previous periods	-	(154)
Tax credit in the income statement	(22)	(173)

b) Reconciliation of the total tax charge

The tax assessed on the profit for the year is different from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £000	2018 £000
Profit before income tax	1,565	7,131
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	297	1,355
Expenses not deductible	3	-
Income not taxable	(325)	(1,374)
Group relief surrendered	25	-
Receipt for group relief	(22)	-
Adjustments in respect of previous periods	-	(154)
Tax credit in the income statement	(22)	(173)

There was no unprovided deferred tax at 31 December 2019 (2018: £nil).

c) Change in Corporation Tax rate

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset / (liability) as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset / (liability).

7. Investments in subsidiaries

	2019 £000	2018 £000
Beginning and end of year	2,364	2,364

The Company's principal operating subsidiaries, all of which are directly owned by the Company or held indirectly by a wholly owned subsidiary and incorporated in England or Scotland, are:

	Principal activity	Share of ordinary allotted capital and voting rights
Valpak Limited	Producer responsibility compliance and consultancy services	100%
Valpak Scotland Limited	Producer responsibility compliance and consultancy services	100%
Valpak Recycling Limited	Waste management services	100%
Valpak Retail WEEE Services Limited	Operator of Distributor Take Back Scheme	100%

Valpak Holdings Limited

Notes to the financial statements

at 31 December 2019

8. Debtors: amounts falling due within one year

	2019	2018
	£000	£000
Trade debtors	-	67
Loan to parent undertaking including accrued interest	4,607	4,493
	4,607	4,560

Trade and other debtors are non-interest bearing and are generally on 30-90 day terms. Amounts owed by group undertakings are non-interest bearing and are settled in cash within 30-day terms where appropriate.

In December 2018 the Company provided its immediate parent company, OS Phoenix Acquisitions Limited, with a loan of £4,490,000 which is repayable on demand and accrues interest at 2.5% p.a. Accrued interest is added to the principal of the loan and shall not be required to be paid until the principal is repaid.

9. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	-	109
Amounts owed to group undertakings	5,561	6,932
Other taxes and social security	-	431
Accruals and deferred income	-	42
	5,561	7,514

The carrying value of trade and other creditors approximates to fair value and is non-interest bearing. Amounts owed to group undertakings are non-interest bearing and are settled in cash within 30-day terms where appropriate.

10. Called up share capital

	Number
Ordinary shares of 1p each	
At 31 December 2017	750,000
Issued on exercise of share options	20,600
At 31 December 2018 and 31 December 2019	770,600
	£000
At 31 December 2017	8
Issued on exercise of share options	-
At 31 December 2018 and 31 December 2019	8

11. Share premium account

	£000
At 31 December 2017	742
Issued on exercise of share options	7
At 31 December 2018 and 31 December 2019	749

The share premium account represents the amount above the nominal value received for shares sold, less transaction costs.

Valpak Holdings Limited

Notes to the financial statements

at 31 December 2019

12. Capital contribution

This reserve records capital contributions of £700,000 which were made to the Company on 12 March 2012.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

At the balance sheet date, the Company was a wholly owned subsidiary of OS Phoenix Acquisitions Limited. The Company has taken advantage of the exemption in FRS 102 Section 33 not to disclose transactions or balances with fellow group companies. There are no other related party transactions.

14. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is OS Phoenix Acquisitions Limited.

At the balance sheet date OS Phoenix Midco Limited is the parent undertaking of the largest group for which group financial statements have been prepared. These consolidated financial statements are available from Companies House.

The ultimate parent undertaking and controlling party is OS Phoenix Topco Limited (registered in Jersey at 11-15 Seaton Place, St Helier, Jersey JE14 0QH).