

Valpak Holdings Limited

Unaudited

Annual Report and Financial Statements

for the year ended 31 December 2021

Registered Number: 07597708

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Directors' report

Registered No: 07597708

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

Principal activities

The company acts as an intermediate holding company and provides management services to Valpak Limited.

Results

The Company made a profit after tax of £4,993,000 during the year (2020: £4,906,000) as a result of dividends received from its subsidiary Valpak Ltd for £5,000,000 (2020: £5,000,000).

Dividends

A dividend of £7,000,000 (2020: £7,489,000) was declared and paid during the year to its parent company OS Phoenix Acquisition Ltd.

Directors of the company

The directors who held office during the year and to the date of this report were as follows:

Lord John Selwyn Deben

Steven Gough

Adrian Hawkes

Ruth Beckley

Paul Cox

John Sullivan

The directors and officers were insured by third party indemnity insurance during the period.

Political and charitable contributions

There were no political or charitable donations made by the Company in either year.

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 consolidated financial statements of OS Phoenix Midco Limited (Group), of which this 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 uncertainties. 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. On 24 June 2022, the loan facilities were refinanced under normal commercial terms to provide further funding for future growth, with facilities then due for repayment no earlier than 2028.

Directors' report (continued)

Going concern (continued)

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 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.

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.

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.

Directors' report (continued)

Exemption from audit

For the year ending 31 December 2021 the Company is entitled to the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Directors confirm that:

- The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

By order of the board



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

16 September 2022

Profit and loss account
for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(171)	(200)
Operating loss ("EBITDA")	2	(171)	(200)
Income from investments		5,000	5,000
Interest receivable	3	131	88
Profit before taxation		4,960	4,888
Taxation	5	33	18
Profit for the financial year		4,993	4,906

All results are from continuing operations.

There was no other comprehensive income in the current or preceding year. Comprehensive income comprises the profit for the current and preceding year.

The notes on pages 7 to 14 form part of these financial statement

Balance sheet
at 31 December 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Investments in subsidiaries	6	2,364	2,364
		2,364	2,364
Current assets			
Debtors: amounts falling due within one year	7	10,309	145
Cash at bank and in hand		-	200
		10,309	345
Current liabilities			
Creditors: amounts falling due within one year	8	(12,112)	(141)
		(12,112)	(141)
Net current (liabilities) / assets		(1,803)	204
Net assets		561	2,568
Capital and reserves			
Called up share capital	9	8	8
Profit and loss account		553	2,560
		561	2,568

For the year ended 31 December 2021 the company was entitled to exemption under section 479a of the Company Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Company Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The notes on pages 7 to 14 form part of these financial statements.

The financial statements on pages 4 to 6 were authorised for issue by the board of directors on 1 September 2022 and were signed on its behalf.



John Sullivan
Director
Company registered number: 07597708

Statement of changes in equity
for the year ended 31 December 2021

	Attributable to equity holders of the parent				
	Issued capital (note 9) £000	Share premium (note 10) £000	Capital contrib'n (note 11) £000	Profit and loss account £000	Total £000
At 31 December 2019	8	749	700	3,694	5,151
Transfer to profit and loss account	-	(/49)	(700)	1,449	-
Profit for the year	-	-	-	4,906	4,906
Dividends declared and paid	-	-	-	(7,489)	(7,489)
At 31 December 2020	8	-	-	2,560	2,568
Profit for the year	-	-	-	4,993	4,993
Dividends declared and paid	-	-	-	(7,000)	(7,000)
At 31 December 2021	8	-	-	553	561

The notes on pages 7 to 14 form part of these financial statements.

Notes (forming part of the financial statements)

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, whose registered number 10877539 and registered office is Kelsall House, Stafford Court, Stafford Park 1, Telford, Shropshire, TF3 3BD, 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 102.11 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 consolidated financial statements of OS Phoenix Midco Limited (Group), of which this 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 uncertainties. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Notes (continued)

1. Accounting policies (continued)

1.2 Going concern

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. On 24 June 2022, the loan facilities were refinanced under normal commercial terms to provide further funding for future growth, with facilities then due for repayment no earlier than 2028.

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 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.

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.

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.

Notes (continued)

1. Accounting policies (continued)

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) 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 recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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 Profit and Loss Account. Any losses arising from impairment are recognised in the Profit and Loss Account 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) 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.

Notes (continued)

1. Accounting policies (continued)

1.6 Significant accounting policies (continued)

c) Impairment excluding stocks and deferred tax assets (continued)

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.

d) 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.

Notes (continued)

1. Accounting policies (continued)

1.6 Significant accounting policies (continued)

d) Taxation (continued)

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.

e) 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.

f) 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.

2. Operating loss

This is stated after charging:

	2021	2020
	£000	£000
Employee costs (note 4)	460	529

3. Interest receivable

	2021	2020
	£000	£000
Interest income on a loan to parent undertaking (note 7)	131	88
	131	88

Notes (continued)

4. Staff costs and directors' remuneration

	2021 £000	2020 £000
Wages and salaries	403	469
Social security costs	49	55
Pension costs	5	5
	460	529

	Number	Number
Average number of employees during the year	2	2

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

	2021 £000	2020 £000
Remuneration	406	472
Highest paid director	200	224

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

The remuneration above is after the salary sacrifice by one director (2020: one) under Valpak's salary exchange scheme which resulted in pension contributions of £5,000 (2020: £5,000) during the year. This includes £nil (2020: £nil) in respect of the highest paid director.

5. Taxation

a) Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £000	2020 £000
Current tax:		
Current tax on income for the period	-	-
Group relief receivable	(33)	(17)
Adjustments in respect of previous periods	-	(1)
Total current tax	(33)	(18)
Total tax	(18)	(18)

b) Reconciliation of the total tax charge

The tax charge for the period is lower (2020: lower) as the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £000	2020 £000
Profit before income tax	4,960	4,888
Tax using the UK corporation tax rate of 19% (2019: 19%)	942	929
Income not taxable	(950)	(950)
Transfer pricing adjustments	(25)	4
Group relief surrendered	32	17
Receipt for group relief	(32)	(17)
Adjustments in respect of previous periods	-	(1)
Total tax credit reported in the profit and loss	(33)	(18)

Unprovided deferred tax asset at 31 December 2021 totalled £42,000 (2020: £nil).

Notes (continued)

5. Taxation (continued)

c) Change in Corporation Tax rate

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase from 19% to 25% from 1 April 2023.

6. Investments in subsidiaries

	2021 £000	2020 £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 are:

Company name	Country of incorporation	% shareholding	Description
Valpak Limited	England & Wales	100%	Producer responsibility compliance and data insight services
Valpak Scotland Limited	Scotland	100%	Producer responsibility compliance and consultancy services
Valpak Recycling Limited	England & Wales	100%	Waste management services
Valpak Retail WEEE Services Limited	England & Wales	100%	Operator of WEEE Distributor Take Back Scheme (DTS)

7. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Loan to parent undertaking including accrued interest	10,132	-
Corporation tax	177	145
	10,309	145

In September 2021 the Company provided its immediate parent company, OS Phoenix Acquisitions Limited, with a loan of £10,000,000 with interest accruing at 4.75% p.a. The initial loan plus accrued interest is repayable on demand.

8. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	12,112	141
	12,112	141

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

Notes (continued)

9. Called up share capital

Ordinary shares of 1p each	Number
At 31 December 2020 and 31 December 2021	770,600
	£000
At 31 December 2020 and 31 December 2021	8

10. 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).

11. Accounting estimates and judgements

The directors do not consider that there have been any key assumptions made concerning the future and other key sources of estimation in certainty at the balance sheet date which may cause material adjustment to the carrying amount of assets or liabilities within the next financial year.