

Company Registration No. 03846688 (England and Wales)

Allied Glass Containers Limited
Annual Report and Financial Statements
For The 52 Weeks Ended 4 December 2021



ALLIED GLASS CONTAINERS LIMITED

COMPANY INFORMATION

Directors

Mr J M Culley
Mr A S Henderson
Mr M J Hogley
Mr N A Maskrey
Mr J S Naughton
Mr R Summers

Company number

03846688

Registered office

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Leeds
LS10 1NQ

Independent auditors

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Whitehall Road
Leeds
LS1 4BN

Solicitors

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Bridgewater Place
Water Lane
Leeds
LS11 5DR

Financiers

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30 Gresham Street
London
EC2V 7QP

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ALLIED GLASS CONTAINERS LIMITED

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ALLIED GLASS CONTAINERS LIMITED

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

The directors present their strategic report and the audited financial statements for the period ended 4 December 2021.

This strategic report refers to the Allied Glass Group of which the company is the primary trading entity. Tonic Midco Limited is the parent undertaking of this Group which represents the largest and smallest group of undertakings to consolidate these financial statements at 4 December 2021. The consolidated financial statements of Tonic Midco Limited are available from Companies House.

Review of business and future developments

The Group's primary market is Spirits, with other areas served being Soft Drinks, Beers, Water, Wines and Food Containers. Notwithstanding the ongoing challenges of the economic climate and living with Covid-19, our markets remained very resilient and continued to perform well in the period under review. This is particularly the case for the Spirits sector and the associated growth in decorated products across our portfolio.

The Group maintained its core focus upon the craft and Premium Spirit sectors and in 2021 continued to make capital investments to support strategic development in relation to premium brands, positioning it to take further advantage of market growth. A total of £13.8m of capital expenditure was incurred, with a clear focus on quality, output and facilitating growth as well as added value to customers beyond glass manufacturing in terms of our Decoration capability. The spend included a number of deposits for plant & equipment for our transformational Focused Factory capital investment program primarily at our Leeds site that has been successfully delivered in the current period.

Operating cash generation (before interest and tax) for the Group remained extremely healthy and significantly ahead of expectations at £36.0m (2020: £41.0m), representing a highly creditable outturn. This was again underpinned by improved levels of EBITDA (defined as profit or loss before taxation plus finance costs, amortisation and depreciation less finance income and income from shares in Group undertakings) and a sustained, robust focus on cash management combined with careful control of inventory levels and strong long term relationships with customers and suppliers alike. The payment practices report at the period end showed 0% of invoices due but not paid within agreed terms.

Key performance indicators

	4 December 2021		
	Actual	Target	
Net working capital as a % of last 3 months sales	10.5	14.7	Less than target means it is exceeded
Gross Margin %	43.2	41.3	Greater than target means it is exceeded
Accident frequency per 100,000 hours worked	3.3	N/A	

These are considered by the directors as being fundamental measures in assessing the business' financial, commercial and operational wellbeing and have been extracted from the Group management accounts.

ALLIED GLASS CONTAINERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Principal risks and uncertainties facing the Group

The key area of uncertainty for the Group is how well it adapts to ever changing circumstances and challenges presented by economic, political and technological influences. This includes interest rate and currency fluctuations, credit, liquidity and other financial risks sensitive to pricing decisions and competitive pressure. The Group attempts to manage these risks by using a variety of measures and policies governed by the directors. The use of appropriate external advice and development of appropriate strategies to counter the threats posed are undertaken.

Geopolitical Situation & Energy Markets

The outbreak of conflict in the Ukraine in the early part of 2022 has created unprecedented issues across many areas of the global economy, not least in the energy markets. The directors have continued to deploy a prudent hedging policy that has offered some protection against the volatile and increasing market prices. In addition, our long standing relationships with strategic partners in our supply chain have continued to serve the Group well in terms of security of supply and transparency around cost base increases across the basket of goods and services we procure.

However, attention is drawn to the fact that it is still not yet possible to firmly predict the overall potential impact of this situation on the UK economy, or therefore on the Group's operations. The principal uncertainties are around a sustained and unrecovered downturn in the markets that the Group serves. The Group has plans to mitigate such risks but cannot eliminate the uncertainty based on the resolution of the conflict in the Ukraine as yet being unknown.

Covid-19

In common with the majority of UK industry, the Group was adversely impacted by the outbreak of the Covid-19 (Coronavirus) pandemic during prior periods and the early part of 2021. The directors continued to execute a detailed action plan to address the situation, first and foremost ensuring that all our sites remain Covid-19 secure, thereby enabling operations to continue throughout.

Our workforce responded magnificently to the challenges of Covid-19 ensuring that opportunities to recover quickly were taken effectively. Operational learnings from this time, together with strong cost control and ownership have manifested in a leaner more efficient organisation that is well placed to continue to grow, a trend we have seen throughout 2021 and into the current period to date. This aligns to the Group's strategy of targeting growth within the strong category of Premium Spirits.

Brexit

The directors continue to monitor the market dynamics following Brexit on an ongoing basis, but believe the Group is well placed to manage any potential future impact thanks to the risk management processes that are in place.

Consequently, revised cashflow projections for the period to December 2024 have been prepared at a highly detailed level, showing that the Group can trade within existing available facilities, maintaining appropriate levels of headroom against associated financial covenants.

For the above reasons, the financial statements have been prepared on a going concern basis.

ALLIED GLASS CONTAINERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Statement of directors' duties in accordance with s172 of the Companies Act 2006

General matters

The executive team is comprised of 6 full time UK directors and other senior leaders who bring a diverse range of key experience and skillsets. The directors consider the combined team's breadth of experience and knowledge to be strong enough to be able to discharge collective obligations thoroughly.

We retain a strong focus on the longer term impact of our decisions, which are typically strategic in nature. This is highlighted by our sustained commitment to develop our operational footprint to ensure that our factories are fit for the future, with a critical focus on environmental sustainability considerations. We maintain our position at the forefront of glass manufacturing capability to drive a strong position in the marketplace, combined with investment in our design capability in order to create and deliver the best products and services.

The directors and the executive team as a whole hold regular meetings, as well as meeting frequently with heads of department and the wider management. Any operational and strategic decisions are debated on a democratic basis to ensure management have input as to the optimal way to execute strategy. The directors believe that this process spreads risk and ensures that decisions made are fair and balanced in the context of all business and stakeholder priorities. Any decisions taken in accordance with the Companies Act 2006 are voted on as described in our Memorandum and Articles of Association.

The directors consider that all key decisions taken during the period have been made with the best interests of the stakeholders of the business.

Employee involvement matters

During the period we have continued to develop our "WE ARE ALLIED" employee engagement programme and "AWARE" mental wellbeing framework across the workforce through a number of communication channels. It is pleasing to report that this has been very well received. We run assessments of our current position as a business on these elements and build them into our Strategic plans by focusing on the specific areas as identified.

The Group continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's trading position and of any significant organisational changes and investment plans.

Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a leading role in maintaining its vibrancy. The Group encourages the involvement of employees by means of its own intranet site, and committees such as pension governance and sports & social. The period saw the introduction of the "ALLIED APPRECIATION AWARDS" designed to reward excellence in several categories across the business and voted for by our employees.

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the Group, as well as through training, promotion and career development.

ALLIED GLASS CONTAINERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Customers and suppliers

Customers interact with the Group in many different ways and we have modified our resource and structure accordingly. We set out to build strong strategic partnerships with our customers with the aim of being their supplier of choice and offer a range of products and services as a package to meet all our customers' needs. During the period we embarked upon a formal customer satisfaction programme which provides a structure to deepen our understanding of customer perceptions. Outputs from our initial surveys have been positive, with areas identified for action plans to be developed to ensure best practice is delivered across all client accounts.

The Group also places significant emphasis on the ongoing relationships with its suppliers, which are critical for our supply chain security. We identify key strategic suppliers and hold regular review meetings covering the Group's strategic plans and how they can provide support moving forward, particularly where new initiatives and technologies are involved, including for example the provision of renewable energy covering 100% of our electricity supply. Collaborating closely with suppliers in this way helps to enhance strong long term relationships to ensure that an effective and fair balance is achieved.

Environmental

The Group continues to maintain registration to the International Environmental Standard ISO 14001. In addition, during the period the Group successfully gained accreditation to the Eco Vadis sustainability standard at the Gold level.

The necessary permits to operate the manufacturing sites under the Environmental Permitting regulations remain in place and the Group continues to invest capital in plant and machinery, both to ensure continuation of the permits and to achieve continual improvement in environmental performance. Investment in the period included infra-red furnace cameras and cooling fan upgrades designed to reduce energy consumption, together with detailed planning around energy efficiency and emissions reductions associated with the major Focused Factory capital expenditure initiative taking place in the current period.

The Group monitored and reported greenhouse emissions under the UKETS (United Kingdom Emissions Trading System). Emissions are independently verified annually and the Group was fully compliant with all aspects of the regulations. Carbon emissions per tonne of glass pleasingly reduced compared to the previous period for the trading part of the Group due to the normalisation of operations following the adverse impact of reduced output in quarter two of 2020 stemming from the Covid-19 pandemic. The Group continues to target significant reductions by 2025 as part of its sustainability programme, details of which are publicly available.

The Group's registration as a re-processor of recycled glass has been maintained throughout the period.

On behalf of the board

A Henderson - Allied Glass

Mr A S Henderson
Director
24 August 2022

ALLIED GLASS CONTAINERS LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

The directors present their annual report and the audited financial statements for the 52 week period ended 4 December 2021.

Principal activities

The principal activity of the company continued to be that of manufacturing glass containers.

Results and dividends

The results for the period are set out on page 13.

Ordinary interim dividends of £10,000,000 (2020: £nil) were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements unless otherwise stated were as follows:

Mr J M Culley
Mr A S Henderson
Mr M J Hogley
Mr N A Maskrey
Mr P Morris
Mr J S Naughton
Mr R Summers

(Resigned 7 July 2022)

Independent auditors

The auditor, Grant Thornton UK LLP were appointed during the period and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Future developments

The future developments of the company are included within the strategic report.

Financial risk management

The Group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations. Each of these are managed and maintained at levels deemed appropriate by the directors in order to mitigate the risks identified.

The main risks arising from the Group's financial instruments can be analysed as follows:

Foreign currency risk

The Group is exposed in its trading operations to the risk changes in foreign currency exchange rates. As the Group both buys and sells goods with Europe the Euro is the main foreign currency. The risk of exchange rate fluctuations is hedged using currency forward contracts entered into regularly throughout the period and particularly ahead of material transactions.

Credit risk

The Group's financial assets are bank balances, cash and trade debtors and represent the Group's total exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade debtors, which are covered by an appropriate level of credit insurance.

ALLIED GLASS CONTAINERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Liquidity risk

The Group's policy is to ensure there are appropriate levels of funding through various facilities including medium term bank loans, shareholder loan notes, the acquisition of an element of the Group's fixed assets under finance leases and working capital facilities to manage its day to day funding requirements.

Gas, electricity and carbon price risk

The Group has exposure to the movement in energy and carbon prices, which is maintained by entering into contracts with its suppliers that allow the Group to buy energy and carbon volumes forward at an agreed price.

Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a variable rate. Interest arising on the bank overdraft is at market rate. The company's policy is to maintain the majority of other borrowings at fixed rates to fix the amount of future interest cash flows. In some instances variable rates are fixed by the use of financial interest rate swaps. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the company.

Streamlined Energy and Carbon reporting requirements

	Current reporting year 2020-2021	Previous reporting year 2019-2020
Energy consumption used to calculate emissions: k/kWh	580,479,873	536,553,827
Breakdown of above total energy by source		
Electricity	68,901,474	63,975,193
Gas	478,095,476	472,372,275
Transport	3,294,713	206,359
Other	30,188,210	-
Emissions from combustion of gas (Scope 1) / tCO ₂ e	95,324.42	86,859.58
Emissions from combustion of fuel for transport purposes (Scope 1) / tCO ₂ e	822.89	27.40
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) / tCO ₂ e	20.69	22.60
Emissions from purchased electricity (Scope 2, location-based) / tCO ₂ e	14,629.85	14,915.18
Total gross CO ₂ e based on above (location-based) / tCO ₂ e	110,797.84	101,824.75
Intensity ratio: tCO ₂ e (gross) per £1,000 turnover	0.805	0.835
Emissions from purchased electricity (Scope 2, market-based) / tCO ₂ e	-	-
Total gross CO ₂ e based on above (market-based) / tCO ₂ e	96,167.99	86,909.58
Intensity ratio: tCO ₂ e (gross, market-based) per £1,000 turnover	0.699	0.712

ALLIED GLASS CONTAINERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Streamlined Energy and Carbon reporting requirements (continued)

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines.

We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in tonnes of CO₂e per £1,000 turnover.

Energy efficiency action taken:

In the period covered by the report the company has undertaken the following energy saving programmes:

We have continued to grow the proportion of recycled content and achieved 98% on some colour campaigns. The lower melting point of recycled content versus that of virgin batch mix is lower and

Over the course of the period we have increased the amount of oxygen and electricity boost which in turn has reduced the reliance on gas within the furnace.

A programme of continual improvement of furnace efficiency has been undertaken by adjusting and optimising combustion settings and increasing recycled content in raw materials entering the furnace. The programme entails bi-weekly reviews of gas and electricity usage, furnace operations and adjustments to improve performance.

All purchased electricity is from 100% REGO backed renewable sources.

Future projects: in 2022 a significant investment in the Leeds site will result in further improvements in carbon and energy efficiency. The project was scoped and committed to in the period for implementation in 2022.

Employee involvement

Commentary in relation to the involvement of employees is provided in the Strategic Report on page 3.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group and the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group and the company's auditors are aware of that information.

Approval

The Directors' report was approved by the board on 24 August 2022 and signed on its behalf by:

A S Henderson - Allied Glass

A S Henderson
Director

ALLIED GLASS CONTAINERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALLIED GLASS CONTAINERS LIMITED

INDEPENDENT AUDITORS' REPORT

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Independent auditor's report to the members of Allied Glass Containers Limited

Opinion

We have audited the financial statements of Allied Glass Containers Limited (the 'company') for the 52 week period ended 4 December 2021, which comprise Statement of Comprehensive Income, Statement of Financial Position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 4 December 2021 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

ALLIED GLASS CONTAINERS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ALLIED GLASS CONTAINERS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined that those relating to the reporting frameworks being Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 to be the most significant of the laws and regulations applicable to the entity.
- we enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries with those charged with governance and to supporting documentation such as our legal and professional expenses review. From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material impact if non-compliance were to occur; health and safety regulations and employment law.
- to assess the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and
 - the company's control environment including the adequacy of procedures for authorisation of transactions.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and journal entries determined to be large or relating to unusual transactions;
 - reviewing legal and professional expenditure in the period to assess for any indicators of non-compliance with relevant laws and regulations;
 - completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable reporting requirements;
 - identifying and testing related party transactions.

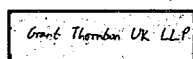
These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

ALLIED GLASS CONTAINERS LIMITED
INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and their practical experience through training and participation with audit engagements of a similar nature.

Use of our report

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



Richard Woodward
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

24 August 2022

ALLIED GLASS CONTAINERS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

	Note	52 Weeks ended 4 December 2021 £'000	52 Weeks ended 5 December 2020 £'000 Restated
Revenue	3	137,646	121,984
Cost of sales		(100,348)	(95,745)
Gross profit		37,298	26,239
Distribution costs		(14,631)	(13,170)
Administrative expenses		(4,516)	(4,231)
Other operating income	3	6,224	7,572
Operating profit	4	24,375	16,410
Income from shares in Group undertakings		-	4,372
Finance income	8	-	44
Finance costs	9	(1,844)	(2,078)
Other gains and losses	10	69	-
Profit before taxation		22,600	18,748
Tax on profit	11	(4,839)	(2,947)
Profit and total comprehensive income for the period		17,761	15,801

In the prior period, an amount of £1,508,000 relating to payments made for group relief in excess of the prevailing tax rate for the period was included in other comprehensive income in error. The directors have concluded that this transaction should be recorded directly within equity as a distribution to shareholders and the comparative information has been restated.

The above results all relate to continuing activities.

There is no difference between the profit before taxation and profit for the financial period stated above and their historical cost equivalents.

The accompanying notes on pages 17 to 36 form an integral part of these financial statements.

ALLIED GLASS CONTAINERS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 4 DECEMBER 2021

		4 December 2021 £'000	5 December 2020 £'000
	Notes		
Non-current assets			
Intangible assets	12	851	851
Property, plant and equipment	13	48,506	41,204
Investments	14	904	904
		<u>50,261</u>	<u>42,959</u>
Current assets			
Inventories	16	28,574	21,826
Trade and other receivables	17	112,184	103,744
Current tax recoverable		938	622
Derivative financial instruments		69	-
Cash and cash equivalents		3,709	3,169
		<u>145,474</u>	<u>129,631</u>
Current liabilities			
Borrowings	18	-	370
Trade and other payables	19	86,562	69,825
Taxation and social security		1,892	4,366
Lease liabilities	20	1,959	1,699
		<u>90,413</u>	<u>76,260</u>
Net current assets		<u>55,061</u>	<u>53,101</u>
Total assets less current liabilities		<u>105,322</u>	<u>96,060</u>
Non-current liabilities			
Lease liabilities	20	8,781	10,055
Deferred tax liabilities	21	4,785	2,010
		<u>13,566</u>	<u>12,065</u>
Net assets		<u><u>91,756</u></u>	<u><u>83,995</u></u>

ALLIED GLASS CONTAINERS LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 4 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Equity			
Called up share capital	23	-	-
Share premium account		37,126	37,126
Retained earnings		54,630	46,869
Total equity		91,756	83,995

The notes on pages 17 to 36 form an integral part of these financial statements.

The financial statements on pages 13 to 36 were approved by the board of directors and authorised for issue on 24 August 2022 and are signed on its behalf by:

A Henderson - Allied Glass

.....
Mr A S Henderson
Director

Company Registration No. 03846688

ALLIED GLASS CONTAINERS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balances at 7 December 2019	-	37,126	36,948	74,074
Period ended 5 December 2020:				
Profit and total comprehensive income for the period (Restated)	-	-	15,801	15,801
Other comprehensive income:				
Distribution to Shareholders (Restated)	-	-	(5,880)	(5,880)
Balances at 5 December 2020	-	37,126	46,869	83,995
Period ended 4 December 2021:				
Profit and total comprehensive income for the period	-	-	17,761	17,761
Dividends paid	-	-	(10,000)	(10,000)
Balances at 4 December 2021	-	37,126	54,630	91,756

The notes on pages 17 to 36 form an integral part of these financial statements.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021.

1 Accounting policies

Company information

Allied Glass Containers Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is 69 South Accommodation Road, Leeds, LS10 1NQ.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. These policies have been consistently applied to all periods presented unless otherwise

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared on the historical cost basis, except for derivatives which are carried at their fair value. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
- (b) the requirements within IAS 1 relating to the presentation of certain comparative information;
- (c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- (d) paragraphs 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 it not yet effective); and
- (e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Consideration of key risks is given in the Strategic Report on page 2.

The directors have prepared cashflow forecasts for the forthcoming periods based upon assumptions for trading and the requirements for cash resources, these forecasts take in to account reasonably possible changes in trading financial performance. The company's policies for financial risk management are detailed in the Directors report at the front of these financial statements.

Further to this management prepared a severe scenario, reducing revenues from budget whilst maintaining costs and including a more pessimistic view of working capital because of this. There was still ample headroom under this scenario. The revenue and cashflow assumptions required to eliminate any headroom are considered by the directors to be highly unlikely, particularly given trading to date.

Based upon this analysis, the directors have concluded that the company has adequate working capital resources and that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52-WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the company's activities. Revenue is shown net of value added tax, rebates, discounts and after eliminating sales within the company.

Under normal circumstances, revenue from product sales is recognised upon delivery to the customer or in the case of goods supplied ex-works, generally upon when the goods are made available for collection by the customer or their agent.

The Group earns revenue from bill and hold arrangements, the recognition policy is outlined in 1.17.

1.4 Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Freehold buildings	50 years straight line
- Plant and machinery	12 years straight line
- Motor vehicles (Disclosed within plant and	5 years straight line
- Right of use assets	over the life of the lease
- Mould equipment (Disclosed within plant and machinery)	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income.

Assets under construction are not depreciated until brought into use.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value after making due provision against obsolete and slow moving items. Cost is determined on a first in first out basis, and in the case of manufactured goods the cost is based on latest selling price less expected margin as a reasonable approximation of cost. The cost of raw materials are based on purchase price. Net realisable value is the estimated selling price in the ordinary course of business and takes into account all estimated costs to completion and all costs to be incurred in marketing, selling and distribution directly related to the items in question. Provision is made for aged stock, stock wastage and quarantined stock.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.8 Inventories (continued)

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group enters into bill-and-hold arrangements with some of its customers whereby the company retains physical possession of the product until it is transferred to the customer at a point in time in the future. In such arrangements, the Group establishes the point in time in which its performance obligation was completed and control of the product transferred across to the customer. As the Group are not able to direct the use of such products nor sell them to an alternative customer, this is generally considered to be at the point in which the product is ready to be distributed.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of comprehensive income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.10 Financial assets (continued)

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Estimated credit losses are recognised under the simplified model under IFRS 9 which permits lifetime losses to be recognised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

1. it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
2. on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
3. it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.16 Leases

Under IFRS 16, leases are accounted for on the right of use model. At inception, the company assesses whether a contract contains a lease. This assessment involved the exercise of judgement about whether the company obtains substantially all the economic benefits from the use of that asset, and whether the company has the right to direct the use of the asset.

IFRS 16 permits lessees to elect not to apply the recognition requirements to short term leases and leases for which the underlying asset is of low value. The company has elected not to recognise short term leases of less than one year at inception and low value leases which will continue to be reflected in the Statement of Comprehensive Income. This will be the ongoing policy adopted by the company. There are no right of use assets or lease liabilities recognised for these leases, and the expense is recognised in the Statement of Comprehensive Income on a straight line basis.

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 an incremental borrowing rate which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset and are presented within property, plant and equipment.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

During the period the company has received grants from the UK Government specifically under the Coronavirus Job Retention Scheme grant, leading to one-off items of income recognised within the Statement of Comprehensive Income.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the period.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

1 Accounting policies (continued)

1.19 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.20 Carbon emissions allowances

The company has energy activities that are subject to the United Kingdom Emissions Trading System (UKETS) and is allocated carbon emissions allowances by the UK government. The Group is registered and compliant with the UKETS.

Where actual carbon emissions in the period are less than the allowances received (adjusted for allowances traded in the period), the unused allowances are recognised on the balance sheet at the lower of their original market value at the date of grant and their value at the balance sheet date and income to that value is recognised as government grants received. Where actual carbon emissions exceed the granted allowances in the period (adjusted for allowances traded in the period), a liability is recognised based on the fair value at the balance sheet date of the additional allowances required and is shown in the profit and loss account as an emissions expense. Sales during the period of allowances are recorded in the financial statements as carbon emissions traded.

1.21 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. This is monitored through monthly covenant calculation and review.

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Net realisable value of inventory

The company calculates the finished goods valuation by applying a rolling average 3 month margin to the sales value. This is then further adjusted by provisions for aged stock, stock wastage and quarantine stock to give the inventory cost. The last 3 months is deemed an appropriate length of time as, taking into account managements view on stock days, any stock that is present as at the balance sheet date would have been produced in that time period. A degree of estimation is required in preparing these provisions and estimates.

Estimated impairment of goodwill

The company tests annually whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, see note 12.

3 Revenue

	2021 £'000	2020 £'000
Revenue analysed by class of business		
All revenue is derived from the same class of	137,646	121,984
	2021 £'000	2020 £'000
Other operating income		
Grants received	68	755
Rental income from fellow subsidiary	6,156	6,817
	2021 £'000	2020 £'000
Revenue analysed by geographical market		
UK	125,640	111,005
Rest of Europe	11,079	9,585
Rest of the World	927	1,394
	137,646	121,984

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****4 Operating profit**

	2021	2020
	£'000	£'000
Operating profit for the period is stated after charging / (crediting):		
Government grants (Furlough)	(68)	(755)
Depreciation of property, plant and equipment		
Owned	5,536	6,261
Held under IFRS 16 leases	1,889	1,908
Operating lease rentals:		
Plant and machinery	11	-
Cost of inventories recognised as an expense	4,903	8,926
Cost of inventories written off as an expense	1,752	2,293

5 Auditors' remuneration

	2021	2020
	£'000	£'000
Services provided to the company and its		
For audit services		
Audit of the financial statements	36	32
For other services		
Other services relating to taxation compliance and	-	61

During the period, the company appointed a new auditor who is not engaged to complete any services other than the statutory audit, hence the reduction in other services. In the prior period, audit fees were paid to PricewaterhouseCoopers LLP.

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2021	2020
	Number	Number
Production	339	350
Sales and distribution	52	53
Administration	36	38
	427	441

ALLIED GLASS CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

6 Employees (continued)

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	14,697	14,932
Social security costs	1,614	1,569
Other pension costs	979	819
	<u>17,290</u>	<u>17,320</u>

7 Directors' remuneration

The directors received remuneration from fellow Group companies during the period and in the previous period and it is not practicable to ascertain the proportion of the director's emoluments that specifically relate to this company. Their remuneration is therefore disclosed in that company's financial statements.

Remuneration for qualifying services	2,013	2,708
Company pension contributions to defined	96	93
	<u>2,109</u>	<u>2,801</u>

The number of directors and key management for whom retirement benefits are accruing under defined contribution schemes amounted to 14 (2020 - 13).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	342	671
Company pension contributions to defined	14	10
	<u>356</u>	<u>681</u>

The above remuneration was accounted for and paid by a separate Group entity.

8 Investment income

	2021 £'000	2020 £'000
Interest income		
Bank interest receivable	-	10
Other non-cash finance income	-	34
	<u>-</u>	<u>44</u>

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****9 Finance costs**

	2021	2020
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest payable on bank working capital loans	1,161	1,421
Other similar charges payable	130	129
Other non-cash finance charges	70	-
	<u>1,361</u>	<u>1,550</u>
Interest on other financial liabilities:		
Interest on lease liabilities	483	528
	<u>1,844</u>	<u>2,078</u>

10 Other gains and losses

	2021	2020
	£'000	£'000
Fair value gains on foreign currency forward contracts	69	-
	<u>69</u>	<u>-</u>

11 Taxation

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	1,895	2,807
Adjustments in respect of prior periods	169	31
Total UK current tax	<u>2,064</u>	<u>2,838</u>
Deferred tax		
Origination and reversal of temporary differences	1,754	(55)
Changes in tax rates	1,149	-
Adjustments in respect of prior periods	(128)	-
	<u>2,775</u>	<u>109</u>
Total tax charge	<u>4,839</u>	<u>2,947</u>

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****11 Taxation (continued)**

The charge for the period can be reconciled to the profit per the Statement of Comprehensive Income as

	2021 £'000	2020 £'000 Restated
Profit before taxation	22,600	18,748
Expected tax charge based on a corporation tax rate of 19.00%	4,294	3,562
Effect of expenses not deductible in determining taxable profit	32	-
Effect of income not taxable in determining taxable profit	-	(593)
Adjustments in respect of prior periods	41	(22)
Effect of enhanced capital allowances	(677)	-
Effect of change in UK corporation tax rate	1,149	-
Taxation charge for the period	4,839	2,947

The UK corporation tax rate was 19% (2020: 19%) throughout the period.

In the March 2021 Fiscal Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are therefore measured at 25% (2020 - 19%). The previous period deferred tax balances remeasured at 25% would result in a deferred tax liabilities of £2,645k (at the 19% rate this was £2,010k, see note 21).

12 Intangible assets

	Goodwill £'000
Cost or valuation and carrying amount	
At 5 December 2020 and 4 December 2021	851

The goodwill was generated on 16 September 2000 from the purchase of the trade and assets of Gregg & Company (Knottingley) Limited and Lax & Shaw Limited.

Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value in use and the fair value less costs to sell the cash-generating unit ("CGU") to which it is allocated. In all impairment tests of goodwill performed in the period, the recoverable amount was determined by value in use calculations.

The company bases the value in use calculations on cash flow forecasts derived from the most recent financial plans approved by the Board, in which the principal assumptions were regarding growth rates and changes in costs.

Cash flows for beyond three years for the company's single CGU were calculated using a 3.0% (2020: 3.0%) per annum growth rate.

- rate applied would have no impact on carrying values.

No impairment of goodwill was required for the company's single CGU in the period ended 4 December 2021.

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****12 Intangible assets (continued)**

The company applied discount rates to the resulting cash flow projections that reflect current market assessments of the time value of money and the risks specific to the CGU. In each case the discount rate was determined using a capital asset pricing model - pre-tax discount rates used during the period were in the range of 8% - 10%.

The key sensitivities in assessing the value in use of goodwill are forecast cashflows and the discount rate applied as follows:

- A 1% reduction in growth rates would have no impact on carrying values; and
- A 2% increase to the discount

13 Property, plant and equipment

	Freehold buildings	Assets under construction	Plant and machinery	Right of use assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 5 December 2020	10,172	1,158	105,675	12,904	129,909
Additions	-	11,294	2,524	941	14,759
Disposals	-	-	(594)	(409)	(1,003)
Transfers	-	(384)	384	-	-
At 4 December 2021	10,172	12,068	107,989	13,436	143,665
Accumulated depreciation and impairment					
At 5 December 2020	5,728	-	81,117	1,860	88,705
Charge for the period	221	-	5,315	1,889	7,425
Disposals	-	-	(594)	(377)	-
At 4 December 2021	5,949	-	85,838	3,372	95,159
Carrying amount					
At 4 December 2021	4,223	12,068	22,151	10,064	48,506
At 5 December 2020	4,444	1,158	24,558	11,044	41,204

Included within Freehold buildings is freehold land of £177k (2020: £177k) that is not depreciated.

Included in plant and machinery are assets which have been capitalised and have a net book value of £687k (2020: £779k). Depreciation charged in the period on those assets amounted to £92k (2020: £93k).

Included within right of use assets are land and buildings with a net book value of £8,669k (2020: £10,041k) and plant and machinery with a net book value of £1,395k (2020: £1,003k).

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****14 Investments**

	Non-current	
	2021	2020
	£'000	£'000
Investments in subsidiaries	904	904
Movements in non-current investments		
		Shares in Group undertakings £'000
Cost and carrying amount		
At 5 December 2020 and 4 December 2021		904

15 Subsidiaries

Details of the company's subsidiaries at 4 December 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Alux Glass Limited	Dormant	Ordinary	50.00	-
Lax & Shaw Limited	Glassware	Ordinary	100.00	-
Gregg & Company (Knottingley) Limited	Dormant	Ordinary	100.00	-

The registered office of all subsidiary undertakings is 69 South Accommodation Road, Leeds, LS10 1NQ.

16 Inventories	2021	2020
	£'000	£'000
Raw materials	7,638	5,853
Finished goods	20,936	15,973
	<u>28,574</u>	<u>21,826</u>

Inventories are stated after provisions for impairment of £565k (2020: £1,009k).

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****17 Trade and other receivables**

	2021 £'000	2020 £'000
Trade receivables	18,803	17,357
Expected credit losses	(35)	(17)
	<u>18,768</u>	<u>17,340</u>
Other receivables	1,193	173
Amounts owed by fellow Group undertakings	91,322	85,694
Prepayments and accrued income	901	537
	<u>112,184</u>	<u>103,744</u>

Amounts owed by Group undertakings are repayable on demand and carry no interest charge or security.

Trade receivables at the reporting date are shown net of provisions. Expected credit losses for the following 12 months have been estimated in accordance with IFRS 9, taking into account that there has been no significant increase in credit risk. Given the straightforward nature of the company's receivables, the directors consider that the company qualifies for Stage 1 impairment models which permits the simplified recognition of credit losses arising from default events that are possible within the next 12 months only.

18 Borrowings

	2021 £'000	2020 £'000
Unsecured borrowings at amortised cost		
Bank working capital facility	-	370
	<u>-</u>	<u>370</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £'000	2020 £'000
Current liabilities	-	370
	<u>-</u>	<u>370</u>

The company is guarantor of the Group's £70m (2020: £72m) term loan.

The term loan is recognised in another Group company and is repayable in quarterly instalments ending December 2026, with an interest rate of 3-month LIBOR plus 4.75 %. During the period the interest attached has been revised following the removal of LIBOR and as such a new interest of 4.75% above the Bank of England base rate has been agreed. The working capital facility expires in December 2026 with 3-month LIBOR interest rates between 3.5% and 3.75%. During the period the interest attached has been revised following the removal of LIBOR and as such a new interest of 3.85% plus the Bank of England base rate has been agreed.

ALLIED GLASS CONTAINERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 52 WEEKS ENDED 4 DECEMBER 2021

19 Trade and other payables

	2021	2020
	£'000	£'000
Trade payables	24,828	16,916
Amounts owed to fellow Group undertakings	54,142	47,946
Accruals	7,592	4,963
	<u>86,562</u>	<u>69,825</u>

Amounts owed to Group undertakings are repayable on demand and carry no interest or security.

20 Lease liabilities

	2021	2020
	£'000	£'000
Maturity analysis		
Within one year	2,378	2,174
In two to five years	6,298	7,918
In over five years	3,439	3,439
	<u>12,115</u>	<u>13,531</u>
Total undiscounted liabilities	12,115	13,531
Future finance charges and other adjustments	(1,375)	-
	<u>10,740</u>	<u>11,754</u>
Lease liabilities in the financial statements	10,740	11,754

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£'000	£'000
Current liabilities	1,959	1,699
Non-current liabilities	8,781	10,055
	<u>10,740</u>	<u>11,754</u>

Amounts recognised in profit or loss include the following:

	2021	2020
	£'000	£'000
Interest on lease liabilities	483	528

The financial lease liabilities are effectively guaranteed since the rights to the leased asset revert to the lessor in the event of default.

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****21 Deferred tax**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'000	Other short term timing differences £'000	Gains £'000	Total £'000
Deferred tax liability at 7 December 2019	1,913	(37)	28	1,894
Deferred tax movements in prior period				
Charge to profit or loss	109	(3)	3	109
Deferred tax liability at 5 December 2020	2,022	(43)	31	2,010
Deferred tax movements in current period				
Charge to profit or loss	2,790	(25)	10	2,775
Deferred tax liability at 4 December 2021	4,812	(68)	41	4,785

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax liabilities	4,853	2,053
Deferred tax assets	(68)	-
	<u>4,785</u>	<u>2,010</u>

22 Retirement benefit schemes**Defined contribution schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £979k (2020 - £819k).

23 Share capital

	2021 £	2020 £
Authorised		
1,000 (2020: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
28 (2020: 28) Ordinary shares of £1 each	<u>28</u>	<u>28</u>

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****24 Capital commitments**

The company has made commitments for capital expenditure of £5,040k (2020: £2,325k) for which no provision has been made in these financial statements.

25 Commodity commitments

The company makes contractual commitments to purchase certain commodities. The total future commitments as at the balance sheet date are as follows:

	2021 £'000	2020 £'000
Within one year	9,833	10,038
Between two and five years	13,238	10,048
	<u>23,071</u>	<u>20,086</u>

26 Operating lease commitments

Total commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2021 £'000	2020 £'000
Within one year	2	-
More than one year and less than 5 years	-	-
More than 5 years	-	-
	<u>2</u>	<u>-</u>

27 Post balance sheet events

After the period end, the company has continued to incur expenditure on the development of a new furnace. See note 13 in respect of capitalised costs to date for these assets under construction and note 24 in respect of costs committed as at the period end.

28 Controlling party

The immediate holding company is Allied Glass Holdings Limited, which is incorporated and registered in the United Kingdom.

Tonic Topco Limited, a company registered in Jersey, is the ultimate holding company. Sun European Partners LLP is considered to be the ultimate controlling party as at 4 December 2021.

Tonic Midco Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 4 December 2021. The consolidated financial statements of Tonic Midco Limited are available from Companies House.

ALLIED GLASS CONTAINERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 52 WEEKS ENDED 4 DECEMBER 2021****29 Prior period adjustment**

The directors have reviewed the prior period accounting for the payments for group relief in excess of the prevailing tax rate and concluded that amounts previously recorded in equity were recorded in error. The directors have concluded that the payment made in excess of the prevailing tax rate should be recorded as a distribution. A summary of the adjustments recorded in the prior period is set out below. In the current period, the directors have paid for tax losses at the prevailing tax rate.

	As previously reported £'000	Prior period adjustment £'000	As restated £'000
Statement of comprehensive income			
Income from shares in Group undertakings	-	4,372	4,372
Profit for the period	11,429	4,372	15,801
Statement of changes in equity			
Profit for the period	11,429	4,372	15,801
Payments received for Group relief in excess of the prevailing tax rate	(1,508)	1,508	-
Distribution to shareholder	-	(5,880)	(5,880)
Total equity	83,995	-	83,995