

Ardagh Glass Limited

Annual Report and Financial Statements
for the year ended 31 December 2022

Registered number: 00567801



Ardagh Glass Limited

Annual Report and Financial Statements
for the year ended 31 December 2022

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Ardagh Glass Limited

Directors and Advisors

Directors

M Rozmus
M Dick
J Clarke
J M Petersson
S M Santon
H Bonne
G Methven

Company secretary

M Sarai

Registered office

Headlands Lane
Knottingley
West Yorkshire
WF11 0HP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitors

DLA Piper UK LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Bankers

Citibank NA
Canada Square
Canary Wharf
London
E14 5LB

Ardagh Glass Limited

Strategic Report for the year ended 31 December 2022

The directors present the strategic report and the audited financial statements of Ardagh Glass Limited ("the Company") for the year ended 31 December 2022. These financial statements are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Review of business

The Company's principal activity during the year was the manufacture of glass containers.

The Company is a limited company, domiciled and incorporated in the United Kingdom (England). The Company has four plants in the United Kingdom and no overseas branches. The registered office is also the principal place of business with the address as set out on the previous page.

Development and performance during the year

The financial results of the Company show a profit for the financial year of £42,188,000 (2021: £34,404,000). The profit for the year was higher than the prior year primarily due to interest receivable on balances with group undertakings. At the balance sheet date, the Company has net assets (after including a retirement benefit obligation) of £448,369,000 (2021: £394,995,000).

The Company continues to invest in world class manufacturing facilities with capital expenditure for the financial year of £45,721,000 (2021: £48,299,000) and continues to focus on product quality and customer service in order to maintain its position as a leading UK manufacturer of glass containers.

The Company's key performance indicators during the year were as follows:

	2022	2021	Change
Turnover £'000	514,377	368,840	+39.46%
Operating profit £'000	49,047	47,305	+3.68%
Finished goods stock £'000	57,287	59,078	-3.03%
Number of employees	1,455	1,405	+3.56%
Turnover per employee £'000	354	263	+34.60%
EBITDA £'000	80,719	76,748	+5.17%

Position at the year end

The net book value of tangible fixed assets at 31 December 2022, at £190,148,000 (2021: £176,319,000), has increased by 7.84% during the year. At the balance sheet date, the Company's third-party debtors £76,534,000 (2021: £52,294,000) have increased by 46.35% during the year due to lower activity towards the end of 2021. Stocks decreased by 2.72% year on year.

Current creditors £177,698,000 (2021: £126,714,000) have increased by 40.24% and non-current creditors £26,042,000 (2021: £26,414,000) have decreased by 1.41%.

The Company has a net retirement benefit obligation at the year-end of £93,527,000 (2021: £138,775,000). The decrease of 32.61% in the net liability of the scheme is primarily as a result of: the impact of deficit contributions and the reduction in benefit obligations as a result of an increase in the discount rate. The Company has agreed with the scheme's trustees to make a contribution to the scheme during 2023 of £19,200,000 (2021: during 2022 £19,260,000).

Ardagh Glass Limited

Strategic Report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties and financial risks

The principal risks and uncertainties and financial risks within the business are linked to the relative volatility of energy and raw material prices and the degree to which capacity in the UK market restricts the ability to recover higher costs from customers. Consumer preferences may also change and demand for existing products may decline or be replaced by other products, which Ardagh Glass Limited does not produce. As a result, sales volumes and profitability may decline.

The Company's operations also expose it to a variety of business and financial risks such as foreign exchange rate volatility and higher energy prices. Ardagh Group S.A., Ardagh Glass Limited's intermediate parent undertaking, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company (and the group) by monitoring levels of debt finance and the related finance costs for the group as a whole.

Commodity price risk

Production costs are sensitive to the price of energy. Our main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on our production costs.

As a result of the volatility of gas and electricity prices, the Company has either included energy pass-through clauses in our sales contracts or developed an active hedging strategy to fix a significant proportion of our energy costs through contractual arrangements directly with our suppliers, where there is no energy clause in the sales contract.

Where pass through contracts do not exist, the Company policy is to purchase gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of our anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. The Company does not net settle, nor do we sell within a short period of time after taking delivery. The Company avails of the own use exemption and, therefore, these contracts are treated as executory contracts.

Credit risk

Credit risk arises from credit exposures to customers, including outstanding receivables. Company policy is to extend credit to customers of good credit standing. Credit risk is managed on an on-going basis, by experienced people within the Company. The Company's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilisation of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations.

Section 172(1) statement

Directors are required by Section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, Section 172 requires Directors to have regard to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Directors give careful consideration to these factors in discharging their duties.

Stakeholders

The Directors engage with key stakeholders to understand their needs, and to establish and maintain a positive relationship. Based on the ISO 26000 guidelines regarding stakeholders, the Directors have identified the Company's stakeholders and a monitoring process has been in place since 2012.

Ardagh Glass Limited

Strategic Report for the year ended 31 December 2022 (continued)

To translate stakeholders' interests into management processes, core stakeholder groups have been linked with organisational structures, communication activities and procedures, amongst others. These processes help the Company constantly improve stakeholder relationships by using the shared value concept.

The identified stakeholders, and the respective ways in which the Board engages with those stakeholders, are:

- **Industry associations:** Membership of industry associations around the world enable the Board to monitor developments with regard to legislation and to voice its opinion. Engagement achieved through regular exchanges with key associations.
- **Employees:** The Company engages with employees through continuous and regular dialogue with employees individually and collectively through works councils at facility-level, personal development reviews, and an ethics hotline.
- **National and local authorities:** These are engaged through permitting and compliance reviews.
- **Community:** Engagement involves projects, active exchange with the local community, and engagement in local activities.
- **Suppliers:** The Company relies on suppliers, and the availability of goods and services in the market influences the Company's strategy and how it operates. Relationships with suppliers facilitate engagement on sustainability, efficiency, and innovation.
- **Ultimate shareholders of Ardagh Group:** The Board engages with the shareholders through ongoing dialogue, timely reporting, conference participation, and individual engagement.
- **Customers:** Engagement with customers is achieved through ongoing dialogue with customers to deliver sustainability improvements, including through innovation and lightweighting, and through timely feedback on customer surveys.
- **Media:** The Company actively engages with media to promote Ardagh and the Group's sustainability credentials.

Governance

The Board is aware of its duty under Section 172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of members as a whole. The Group's stakeholder engagement activities help to inform the Board's decisions, by ensuring the Directors are aware of stakeholders' interests. The Board takes a long-term view in reaching key decisions, and, when taking decisions, the Board looks to act in the interests of stakeholders as a whole and to ensure all stakeholders are fairly treated.

Environment

The environmental impact of the Company's products, facilities, and supply chain are continually assessed by the Board. The group-wide Environmental Policy is part of the group sustainability strategy and supports the achievement of the group sustainability targets.

Energy management is a core component of our sustainability strategy. In the glass production process, melting accounts for a significant proportion of the total energy consumption. Furnace rebuilds, preventative maintenance, waste heat recovery, air and batch preheating, operational excellence programmes, cullet content increase, and continuous emission monitoring are some of the measures that we have taken to improve the energy efficiency of our glass melting process.

Ardagh Glass Limited

Strategic Report for the year ended 31 December 2022 (continued)

Energy usage and greenhouse gas emissions

Disclosures are made below of the Company's energy usage and greenhouse gas emissions in line with the requirements of the government's Streamlined Energy and Carbon Reporting, effective 1 April 2020.

Energy consumption is measured in kilowatt-hours (kWh). A financial approach has been applied and the actual consumption is provided by energy suppliers and consists of the following:

- Electricity purchased by the Company for its own use, including for the purposes of transport;
- Gas usage from stationary or mobile activities for which the Company is responsible; and
- Consumption of fuel for the purposes of transport where the Company is responsible for purchasing fuel.

For CO₂ emissions, an operational approach has been followed. The actual CO₂ emissions recorded have been reported with the 2022 conversion factor applied.

Greenhouse gas emissions are measured in tonnes of carbon-dioxide equivalent (tCO₂e).

We have followed the UK Government environmental reporting guidance, and we have used the UK Government's Conversion Factors for Company Reporting in determining the energy consumption and greenhouse gas emissions.

	2022	2021
Energy consumption in kWh used to calculate emissions	2,066,408,439	2,015,173,070
Emissions from purchased electricity (tCO ₂ e)	-	-
Emissions from combustion of gas (tCO ₂ e)	313,566	305,746
Emissions from combustion for process purposes (tCO ₂ e)	100,253	93,352
Total emissions (tCO ₂ e)	413,819	399,098
Intensity ratio: tCO ₂ e per £1m revenue	804.50	1,082.04

In a bid to become more energy efficient, a number of energy projects were carried out throughout 2022:

- Compressor upgrades,
- LED lighting upgrades, and
- General optimisation projects.

In addition, the Company is accredited to ISO 50001 (Energy Management).

Culture and values

Culture, values and standards underpin how the Company creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. They also guide and assist in decision-making, and thereby help promote the Company's success, recognising, amongst other things, the likely consequences of any decision in the long term and wider stakeholder considerations. The Board sets the values and standards, required of all employees, through the Company's Code of Conduct.

Approved by and signed on behalf of the Board


J Clarke
Director
2 August 2023

Ardagh Glass Limited

Directors' Report for the year ended 31 December 2022

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

M Rozmus
M Dick
J Clarke
J M Petersson
S M Santon
H Bonne
G Methven (appointed 19 September 2022)

Future developments

Demand for Ardagh Glass Limited's products remains strong. The Company will continue to invest in world class manufacturing facilities and the business again expects to operate at full capacity in 2023.

Dividends

During the year the Company paid an interim dividend of £10,000,000 (2021: £nil). The Directors do not recommend the payment of a final dividend (2021: £nil).

Political and charitable donations

Charitable donations totalling £103,685 (2021: £12,845) were made to local and national charities. The Company made no political donations during 2022 (2021: £nil).

Research and development

The Company recognised £584,000 (2021: £559,000) as an expense in the year, in relation to research and development. The Company participates in research and development activities in conjunction with its fellow undertakings in the group.

Employees

The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its position in the market. The Company encourages the involvement of employees by means of consultative procedures enabling management and other employees to discuss matters of mutual interest, including health and safety. Through these procedures, departmental channels and the Company newspaper, employees are kept informed about the Company's activities.

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Directors' Report for the year ended 31 December 2022 (continued)

Directors' indemnity

The Company has entered into indemnity arrangements for the benefit of all its directors in relation to certain losses and liabilities which they may incur to third parties in the course of acting as directors of the Company and in compliance with the requirements of the Companies Act 2006. This qualifying third party indemnity provision was in force during the financial year and at the date of approval of these financial statements.

Financial risk management

An overview of the Company's financial risk management is provided in the principal risks section within the Strategic Report above.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

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

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

Ardagh Glass Limited

Directors' Report for the year ended 31 December 2022 (continued)

Directors' duties

The board of directors of Ardagh Glass Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2022.

Directors are regularly briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. Please see the "Section 172(1) statement" section within the Strategic Report for a summary of how the Directors fulfilled their duties.

Stakeholder engagement

Engagement with employees and other stakeholders is summarised in the "Section 172(1) Statement" section within the Strategic Report.

Going concern

The Company meets its day-to-day working capital requirements through access to funds as part of the Ardagh Group's cash pooling arrangement that is administered through Ardagh Treasury Limited, a fellow group Company, which acts as an internal bank for Ardagh Group S.A. subsidiaries. Under the cash pooling arrangements, there is no cash held by the Company, all balances are 'swept' to Ardagh Treasury Limited at the end of business on each day. The Company is wholly dependent on this cash pooling arrangement for access to the cash flows necessary for the day-to-day running of the Company and to support the going concern assertion.

The Board has formed the judgment that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. In assessing whether the going concern assumption is appropriate, the Board has taken into account all available information about a period of at least 12 months from the date of approval of the financial statements.

Furthermore, the Board believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent Company, Ardagh Group S.A.

Independent auditors

An elective resolution has been passed to maintain PricewaterhouseCoopers LLP as auditors until such time as the Board decides otherwise.

On behalf of the Board



J Clarke
Director
2 August 2023

Independent auditors' report to the members of Ardagh Glass Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ardagh Glass Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2022; Profit and Loss Account, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Ardagh Glass Limited

Independent auditors' report to the members of Ardagh Glass Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Ardagh Glass Limited

Independent auditors' report to the members of Ardagh Glass Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance and bias within management's estimates and assumptions. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance to understand the relevant laws and regulations applicable to the company, and their assessment of fraud related risks;
- identifying and testing journal entries using a risk-based targeted approach;
- reviewing financial statement disclosures and testing to supporting documentation where appropriate to assess compliance with applicable laws and regulations; and
- challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), including the assumptions underpinning the defined benefit pension obligation.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Victoria Coe

Victoria Coe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
2 August 2023

Ardagh Glass Limited

Profit and Loss Account for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	2	514,377	368,840
Cost of sales		(439,125)	(305,256)
Gross profit		75,252	63,584
Administrative expenses		(26,205)	(16,279)
Operating profit	3	49,047	47,305
Analysed as			
EBITDA		80,719	76,748
Depreciation	3	(31,892)	(29,486)
Amortisation of government grants	3	220	220
Exceptional Costs	3	-	(177)
Operating profit	3	49,047	47,305
Interest receivable and similar income	4	10,459	3,683
Interest payable and similar expenses	4	(4,893)	(4,422)
Foreign exchange loss on intercompany balances	4	(383)	(12)
Profit before taxation		54,230	46,554
Tax on profit	5	(12,042)	(12,150)
Profit for the financial year		42,188	34,404

All of the results in 2022 and 2021 relate to those of continuing operations.

EBITDA is defined as earnings generated from glass manufacture and distribution operations before interest, tax depreciation, amortisation and royalties.

The notes on pages 15 to 33 are an integral part of these financial statements.

Ardagh Glass Limited
Registered number: 00567801

Ardagh Glass Limited

Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		42,188	34,404
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of gain post-employment benefit obligations	16	28,248	38,327
Deferred tax on remeasurements of post-employment benefit obligations	12	(7,062)	(9,579)
Deferred tax on post-employment benefit obligations – change in rate	12	-	12,013
Other comprehensive income for the year, net of tax		21,186	40,761
Total comprehensive income the year		63,374	75,165

Cumulative remeasurement losses on the pension scheme amount to £120,356,000 (2021: £148,604,000) recognised directly in the Statement of Comprehensive Income.

The notes on pages 15 to 33 are an integral part of these financial statements.

Ardagh Glass Limited

Balance Sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	6	190,148	176,319
Deferred tax asset	12	25,003	36,432
		215,151	212,751
Current assets			
Cash at bank and in hand	7	74,022	60,432
Debtors	8	397,885	351,400
Stocks	9	71,937	73,952
		543,844	485,784
Creditors – amounts falling due within one year	10	(177,698)	(126,714)
Net current assets		366,146	359,070
Total assets less current liabilities		581,297	571,821
Creditors – amounts falling due after more than one year	11	(26,042)	(26,414)
Provisions for liabilities			
Deferred tax liabilities	12	(12,933)	(11,205)
Provisions for other liabilities and charges	13	(426)	(432)
Retirement benefit obligations	16	(93,527)	(138,775)
Net assets		448,369	394,995
Capital and reserves			
Called-up share capital	14	23,243	23,243
Share premium account		6,264	6,264
Profit and loss account		418,862	365,488
Total shareholders' funds		448,369	394,995

The notes on pages 15 to 33 are an integral part of these financial statements

The financial statements of Ardagh Glass Limited (registered number: 00567801) on pages 11 to 33 were approved by the Board of Directors on 2 August 2023 and were signed on its behalf by:



J Clarke
Director

Ardagh Glass Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Called-up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2021	23,243	6,264	290,323	319,830
Profit for the financial year	-	-	34,404	34,404
Actuarial gain on retirement benefit obligation (note 16)	-	-	38,327	38,327
Deferred tax on actuarial gain on retirement benefit obligation (note 12)	-	-	(9,579)	(9,579)
Deferred tax on retirement benefit obligation – change in rate (note 12)			12,013	12,013
At 31 December 2021	23,243	6,264	365,488	394,995
At 1 January 2022	23,243	6,264	365,488	394,995
Profit for the financial year	-	-	42,188	42,188
Actuarial gain on retirement benefit obligation (note 16)	-	-	28,248	28,248
Deferred tax on actuarial gain on retirement benefit obligation (note 12)	-	-	(7,062)	(7,062)
Dividends paid (note 19)	-	-	(10,000)	(10,000)
At 31 December 2022	23,243	6,264	418,862	448,369

The notes on pages 15 to 33 are an integral part of these financial statements.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022

1 Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements were prepared on a going concern basis.

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as appropriate to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. The Company is a private Company limited by shares.

The Company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows (IAS 1.10(d))
- Capital risk management (IAS 1.134-136)
- Related party transactions (IAS 24)
- Financial instruments (IFRS 7)
- Accounting policies issued but not yet effective (IAS 8.30-31)

The financial statements have been prepared under the historical cost convention. A summary of the accounting policies is set out below.

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The key accounting policies for Ardagh Glass Limited pertain primarily to turnover recognition, pensions and provisions which are described in further detail below.

The Company is a wholly-owned subsidiary of Ardagh Group S.A. and is included in the consolidated financial statements of Ardagh Group S.A. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Critical accounting estimates, assumptions and judgments

The preparation of financial information in conformity with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses. It also requires management to exercise judgment in the process of applying accounting policies. These estimates, assumptions and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below.

Critical accounting estimates and assumptions: Lease term

Several lease agreements include renewal and termination options. The Company assesses all facts and circumstances that create an economic incentive to exercise a renewal option, or not exercise a termination option. Renewal options (or periods after termination options) are only included in the lease term if the conclusion is that the lease is reasonably certain to be renewed (or not terminated). The lease term is reassessed if an option is actually

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Critical accounting estimates and assumptions: Lease term (continued)

exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

Critical judgements in applying the Company's accounting policies: Measurement of employee benefit obligations

The Company follows guidance of IAS 19 to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations. The Company values its liabilities, with the assistance of professional actuaries, to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 16.

Recent accounting pronouncements

The impact of new standards, amendments to existing standards and interpretations issued and effective for annual periods beginning on or after 1 January 2022 have been assessed by the Directors and, no new standards or amendments to existing standards effective 1 January 2022 are currently relevant for the Company. The Directors' assessment of the impact of new standards, which are not yet effective and which have not been early adopted by the Company, on the financial statements and disclosures is on-going.

Turnover

Turnover represents amounts receivable for goods and supplies invoiced to the UK and overseas. Turnover is recognised when control of goods and supplies has transferred to the customer. The Company recognises turnover when control passes to the customer, predominantly on dispatch of the goods, net of any related customer rebates, cash discounts and value added taxes. Turnover is recognised based on prices specified in contracts with customers.

The Company usually enters into framework agreements with its customers, which establish the terms under which individual orders to purchase goods or services may be placed. As the framework agreements do not identify each party's rights regarding the goods or services to be transferred, they do not create enforceable rights and obligations on a standalone basis. Therefore, the Company has concluded that only individual purchase orders create enforceable rights and obligations and meet the definition of a contract in IFRS 15. The individual purchase orders have, in general, a duration of one year or less and, as such, the Company does not disclose any information about remaining performance obligations under these contracts. The Company's payment terms are in line with customary business practice, which can vary by customer and region. The Company has availed of the practical expedient from considering the existence of a significant financing component as, based on past experience, we expect that, at contract inception, the period between when a promised good is transferred to the customer and when the customer pays for that good will be one year or less.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

At the lease commencement date or the effective date of a lease modification, the Company recognises a lease liability as the present value of expected future lease payments, discounted at the Company's incremental borrowing rate unless the rate implicit in the lease is readily determinable, excluding any amounts which are variable based on the usage of the underlying asset and a right-of-use asset generally at the same amount plus any directly attributable costs. The Company combines lease and non-lease components and accounts for them as a single lease component. Extension options or periods after termination options are considered by management if it is reasonably certain that the lease will be extended or not terminated.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Tangible assets

Property, plant and equipment (excluding right-of-use assets) is carried at cost less accumulated depreciation and impairment losses. Cost represents the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use. No provision is made for depreciation on freehold land. Depreciation is calculated so as to write off the cost less estimated residual value of assets on a straight line basis over the expected useful economic lives, commencing when the assets are first brought into use.

The principal annual rates used for this purpose are:

Freehold buildings	50 years
Plant, machinery, and equipment	3 - 20 years
Equipment and vehicles	3 – 10 years
Moulds	1 – 3 years
Pallets	5 years
Assets under construction	Not depreciated until brought into use and reclassified into one of the classes above

The Company presents right-of-use assets within the same financial statement line item as the corresponding underlying assets would be presented if they were owned and depreciates the same over the expected lease term.

The residual values and the remaining useful economic lives are reviewed on an annual basis.

Assets are tested for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Stock

Stock and work in progress are valued at the lower of cost and net realisable value.

Costs include expenditure which is incurred in the normal course of business in bringing the product to its present location and condition and a due proportion of labour and overhead expenses. Net realisable value is the estimated selling price less all further costs to completion and estimated selling costs.

Provision is made for obsolete, slow moving, and defective stock.

Cash at bank and in hand

Cash at bank and in hand comprise deposits with banks and bank and cash balances. In the Balance Sheet, bank overdrafts are included in borrowings in current liabilities.

Employee benefit costs

The Company accounts for pensions under IAS 19 'Employee Benefits' (revised). In respect of defined benefit plans (pension plans that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation), obligations are measured at discounted present value whilst plan assets are recorded at fair value. The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the net of the plan obligations and assets. No allowance is made in the past service liability in respect of either the future expenses of running the schemes or for non-service related death in service benefits which may arise in the future. The operating costs of such plans are charged to operating profit and the finance costs are recognised as financial income or an expense as appropriate. Service costs are spread systematically over the lives of employees and financing costs are recognised in the periods in which they arise. Remeasurements are recognised in the Statement of Comprehensive Income. Payments to defined contribution schemes (pension plans under which the Group pays fixed contributions into a separate entity) are charged as an expense as they fall due.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Employee benefit costs (continued)

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality (AA rated) bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions; additional information is disclosed in note 16.

Current taxation

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

Deferred taxation

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Repairs and renewals

All expenditure on repairs and renewals is expensed as incurred.

Interest receivable and payable

Interest receivable and similar income comprises interest income on amounts owing by group companies and net foreign currency translation gains.

Interest payable and similar expenses comprises interest expense on borrowings, lease liabilities, net foreign currency translation losses, net interest cost of net pension plan liabilities, and other finance expenses.

Share capital

Ordinary shares are classified as equity.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other creditors are measured at amortised cost and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Dividends

Dividends are recorded in the financial statements once they have been authorised and the Company is committed to making the payment. Interim dividends are recorded when paid.

Foreign currencies

Foreign currency transactions during the year are translated into sterling at the rates of exchange in force at the time they arise. Both the functional and presentational currency is sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Translation differences are taken to the Profit and Loss Account.

Debtors

Debtors are recognised initially at fair value less provision for impairment. A provision for impairment of a debtor is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtor. Debtors are subsequently measured at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within the same period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Significant financial difficulties of individual debtors, probability that debtors will enter bankruptcy, and financial reorganisation are also considered when measuring expected credit losses.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Profit and Loss Account within "administrative expenses".

When a debtor is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the Profit and Loss Account.

Other debtors consist of amounts due from group companies, prepayments, and corporation tax receivable. Other debtors are measured at amortised cost. Other debtors are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation.

Exceptional items

Exceptional items are those items which the directors consider necessary to disclose separately for the users of the financial statements to obtain a full understanding of the result for the year.

Borrowings

Costs of borrowing are expensed directly in the Profit and Loss Account.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

Government grants

Capital government grants are recorded when they are received, and are presented as deferred income. They are amortised to the income statement over the life of the asset to which they represent a contribution. The company will comply with the conditions attached to them. Any amount which is expected to be repaid is not amortised.

The relevant grant should be considered as part of the cost of the asset in the event of impairment or disposal.

Going concern

The Company meets its day-to-day working capital requirements through access to funds as part of the Ardagh Group's cash pooling arrangement that is administered through Ardagh Treasury Limited, a fellow group Company, which acts as an internal bank for Ardagh Group S.A. subsidiaries. Upon the Company's request for funds, Ardagh Treasury Limited will transfer monies as required. Under the cash pooling arrangements, balances are 'swept' to Ardagh Treasury Limited at the end of business on each day. The Company is wholly dependent on this cash pooling arrangement for access to the cash flows necessary for the day-to-day running of the Company and to support the going concern assertion.

After reviewing the Company's forecasts and projections, together with current and anticipated levels of available liquidity, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were authorised for issue. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements have been prepared on a going concern basis.

2 Turnover

The directors consider that the operations of the Company fall into one business class, being the manufacture of glass containers.

The analysis of turnover by geographical destination is as follows:

	2022 £'000	2021 £'000
United Kingdom	462,677	319,967
Other European Countries	42,786	43,217
Rest of the World	8,914	5,656
	514,377	368,840

During 2013 the Company entered into a long-term supply contact with a customer. This agreement guarantees the customer a minimum level of supply from the Company from a dedicated production facility at Barnsley commencing January 2014. Prices payable by the customer under the terms of the agreement are calculated on an agreed cumulative free cash flow return per annum for Ardagh Glass Limited, calculated over the 10 years of supply. During 2022 turnover of £43,936,000 (2021: £33,998,000) was recognised in the financial statements under this contract.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

3 Operating profit

	2022 £'000	2021 £'000
The following items have been charged/(credited) in arriving at operating profit:		
Employee benefit expenses (note 15)	90,016	84,809
Depreciation of property, plant and equipment:		
- owned	23,999	22,438
- right of use assets	7,893	7,048
FX losses/(gains)	813	(315)
Loss on disposal of assets	-	294
Exceptional Costs: IT Outage (2021)	-	177
Government grants released	(220)	(220)
Repairs and maintenance costs on property, plant and equipment	11,261	9,550
Research and development expenditure	584	559
Services provided by the Company's auditors:		
- Fees payable for the audit of the Company's and associated companies' financial statements	271	251
- Audit related assurance services	-	81

4 Interest receivable and similar income and Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest payable and similar charges:		
Interest payable on supply chain finance	1,184	241
Interest payable on balances with group undertakings	13	13
Interest payable on lease liabilities	1,436	1,402
Other finance costs (note 16)	2,260	2,766
	4,893	4,422
Interest receivable and similar income:		
Interest receivable on balances with group and parent undertakings	(10,223)	(3,683)
Other interest receivable	(236)	-
	(10,459)	(3,683)
Foreign exchange loss on intercompany balances	383	12
Net interest (receivable)/payable	(5,183)	751

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

5 Tax on profit

Analysis of charge in the year	2022 £'000	2021 £'000
Current tax - continuing operations		
- UK corporation tax on profits of the year	6,817	3,230
- Adjustment in respect of prior years	(870)	188
Total current tax	5,947	3,418
Deferred tax – continuing operations		
- Origination and reversal of timing differences	4,650	6,863
- Adjustment in respect of prior years	1,445	(188)
- Change to tax rates	-	2,057
Total deferred tax expense	6,095	8,732
Taxation on profit	12,042	12,150
Tax on items charged / (credited) to equity		
Deferred tax charge / (credit) on actuarial gain (2021: gain) in year (note 12)	7,062	(2,434)

Tax expense for the year is higher (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	54,230	46,554
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	10,304	8,845
Effects of:		
Non-taxable income	(41)	(41)
Non-deductible expenses	88	37
Fixed assets: permanent difference	-	(395)
Difference in applicable rates for current and deferred tax	1,116	1,647
Adjustment in respect of prior years – current tax	(870)	188
Adjustment in respect of prior years – deferred tax	1,445	(188)
Changes in tax rates on previously recognised deferred tax	-	2,057
Total tax charge	12,042	12,150

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

6 Tangible Assets

	Land and buildings	Plant machinery and equipment	Equipment and vehicles	Moulds	Pallets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2022	122,139	290,615	7,750	18,802	5,981	19,567	464,854
Additions	4,894	10,321	1,087	3,949	466	25,004	45,721
Disposals	-	(1,287)	-	(9,379)	-	-	(10,666)
Category transfers	-	1,071	188	-	443	(1,702)	-
At 31 December 2022	127,033	300,720	9,025	13,372	6,890	42,869	499,909
Accumulated depreciation							
At 1 January 2022	54,519	214,019	4,623	13,895	1,479	-	288,535
Charge for the year	8,058	16,261	835	4,285	2,453	-	31,892
Disposals	-	(1,287)	-	(9,379)	-	-	(10,666)
At 31 December 2022	62,577	228,993	5,458	8,801	3,932	-	309,761
Net book value							
31 December 2022	64,456	71,727	3,567	4,571	2,958	42,869	190,148
31 December 2021	67,620	76,596	3,127	4,907	4,502	19,567	176,319

Included in property, plant and equipment are the following:

- (a) Land at £8,345,000 (2021: £8,345,000) on which no depreciation is provided. Of which £60,000 is short leasehold and £8,285,000 is freehold.
- (b) Assets amounting to £169,402,000 (2021: £171,012,000) which are fully depreciated but still in use.

The below shows the movement for right of use assets throughout the year.

	Land and buildings £'000	Plant machinery and equipment £'000	Equipment and vehicles £'000	Total £'000
1 January 2022	22,806	1,343	1,208	25,357
Additions for the year	4,578	973	941	6,492
Depreciation for the year	(6,144)	(1,117)	(632)	(7,893)
31 December 2022	21,240	1,199	1,517	23,956

	31 December 2022 £'000	31 December 2021 £'000
Current Liabilities (note 10)	4,976	5,689
Non-Current Liabilities (note 11)	25,458	25,609

Interest expense for the year is £1,436,000 (2021: £1,402,000), refer to note 4.
The total cash outflow for leases in the year was £8,524,000 (2021: £7,949,000).

An investment of £1 is held in a subsidiary holding, Ardagh Services (UK) Limited (refer to note 21).

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

7 Cash at bank and in hand

	2022	2021
	£'000	£'000
Cash at bank and in hand	74,022	60,432

8 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	76,534	52,294
Amounts owed by fellow group undertakings	83,263	43,399
Amounts owed by parent undertaking	225,562	242,299
Intercompany trade receivables	5,967	5,767
Prepayments and accrued income	6,559	1,752
Current income tax asset	-	5,889
	397,885	351,400

The amounts owed by the parent undertaking are unsecured and with interest payable on £110,920,000 (2021: £110,920,000) at 6.211% (2021: 2.09%) and £114,642,000 (2021: £131,379,000) interest free. These balances have no fixed repayment terms.

Amounts owed by fellow group companies include Ardagh Treasury Limited £83,263,000 (2021: £43,399,000) which is unsecured, has no fixed repayment terms and bears interest at 5.91% (2021: 1.81%).

Debtors are stated after a provision for impairment of £nil (2021: £91,000) for doubtful debtors.

9 Stocks

	2022	2021
	£'000	£'000
Raw materials & consumables	2,967	3,516
Engineering spares	7,312	6,205
Ancillary mould equipment	4,371	5,153
Finished goods	57,287	59,078
	71,937	73,952

Included above are finished goods of £1,088,000 (2021: £166,000) carried at net realisable value being lower than cost.

The Company consumed £92,451,000 (2021: £74,914,000) of raw materials and consumables during the year. The Company recognised £718,000 (2021: £399,000) as an expense in the year, in relation to the write down of stock.

The Company pledged inventory totalling £53,348,000 (2021: £60,100,000) as security for the Ardagh Group S.A. Global Asset Backed Loan Facility.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

10 Creditors - amounts falling due within one year

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade creditors	111,891	73,876
Amounts owed to fellow group undertakings	17,475	16,525
Third party leases and interest	4,976	5,689
Taxation and social security	17,880	8,994
Pallet deposits	661	1,018
Accruals and deferred income	24,815	20,612
	177,698	126,714

Creditors are stated at book value which approximates their fair value. The Company has no derivative financial liabilities.

The amounts owed to group undertakings relate to trading items settled on standard commercial terms. These balances are unsecured, interest free, and have no fixed repayment terms.

11 Creditors - amounts falling due after more than one year

	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
As at 31 December 2022				
Third party leases	3,746	5,956	15,756	25,458
Deferred income	220	364	-	584
Total	3,966	6,320	15,756	26,042

	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total £'000
As at 31 December 2021				
Third party leases	3,640	5,071	16,898	25,609
Deferred income	220	585	-	805
Total	3,860	5,656	16,898	26,414

The note above analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

12 Deferred tax liabilities and assets

The following are the major deferred tax liabilities and (assets) recognised and movements thereon during the current and prior year. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 25%).

	Fixed asset timing differences	Short term timing differences	Retirement benefits		
Movement on deferred taxation balance in the year	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2021 £'000
At 1 January	9,593	(126)	(34,694)	(25,227)	(31,525)
Profit and Loss Account (note 5)	1,797	48	4,250	6,095	8,732
Tax charged / (credited) directly to Statement of Comprehensive Income	-	-	7,062	7,062	(2,434)
At 31 December	11,390	(78)	(23,382)	(12,070)	(25,227)
				2022 £'000	2021 £'000
Deferred tax (asset) on retirement benefit obligations			(23,382)	(34,694)	
Deferred tax (asset) on short term timing differences		(78)		(126)	
Deferred tax (asset) on fixed asset timing differences		(1,543)		(1,612)	
Deferred tax liability on fixed asset timing differences		12,933		11,205	
Net deferred tax (asset)			(12,070)	(25,227)	

13 Provisions for other liabilities and charges

Non-current provisions	Total £'000
At 1 January 2022	432
Charge for the year	-
Utilised in the year	(6)
At 31 December 2022	426

Accrued holiday pay entitlement

The Company has an obligation to pay certain employees accrued holiday entitlements when they leave the Company's employment. The holiday pay obligation has been calculated as at 31 December 2022 and will crystallise as the service lives of the employees concerned come to an end.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

14 Called-up share capital

Authorised	2022 £'000	2021 £'000
24,000,000 (2021: 24,000,000) ordinary shares of £1 each	24,000	24,000

Issued and fully paid At 31 December	Number of shares	2022 £'000	Number of shares	2021 £'000
Ordinary shares of £1 each	23,243,000	23,243	23,243,000	23,243

15 Employees and directors

Employee benefit expenses during the year	2022 £'000	2021 £'000
Wages and salaries	77,164	73,357
Social security costs	8,107	7,327
Other pension costs (note 16)	4,745	4,125
	90,016	84,809

Average monthly number of people (including executive directors) employed	2022 Number	2021 Number
Manufacturing	1,373	1,331
Administration & marketing	82	74
	1,455	1,405

Directors	2022 £'000	2021 £'000
Aggregate emoluments	1,665	5,235
Company contributions to directors' pension	60	45
	1,725	5,280

Aggregate emoluments (including Company contributions to director's pension) for the highest paid director were £643,000 (2021: £3,119,000). This includes pension contributions in the year of £22,000 (2021: £nil).

Post-employment benefits are accruing for 4 (2021:3) directors under a defined contribution scheme.

16 Retirement benefit obligations

The Company sponsors two sections of a defined benefit pension scheme in the UK – The Rockware Section and the Redfeam Section of the Ardagh (UK) 2017 Pension Scheme. In addition, the Company sponsors one defined contribution pension scheme – The Ardagh DC Pension Scheme. The assets of the schemes are held separately from those of the Company, being invested with professional investment managers.

Each plan is each governed by a board of trustees, which includes members who are independent of the Company. The trustees are responsible for managing the operation, funding and investment strategy. The plans are subject to the UK regulatory framework, the requirements of the Pensions Regulator and are subject to a statutory funding objective.

Ardagh Glass Limited

Notes to the Financial statements for the year ended 31 December 2022 (continued)

16 Retirement benefit obligations (continued)

The key risks of the plans are as follows:

(a) Asset volatility

The plans' liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of growth assets, which are expected to outperform corporate bonds in the long term while providing volatility in the short term. The assets of each plan are managed on a fiduciary basis. The fiduciary manager invests in a broad range of growth assets to help manage risk with allocations adapted actively in response to changing market conditions. The nominal expected returns per annum for the Rockware Section and the Redfearn Section are 6.9% and 7.3% respectively.

(b) Changes in bond yields

A decrease in corporate bond yields will increase the value of the plans' liabilities, although this will be partially offset by an increase in the plans' bond holdings.

(c) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

(d) Inflation risk

The majority of the plans' obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, benefits are subject to caps on the level of inflation increases, which provides the plan with protection against extreme inflation). The majority of the plans' assets are either loosely correlated with inflation (e.g. equities) or unaffected (e.g. fixed interest bonds). 100% of the assets of each plan are hedged against interest rate and inflation risk.

In general trustees manage and set required contributions based on independent actuarial advice in accordance with UK regulations. There is a risk that changes in funding discount rates, price inflation, asset returns or life expectancy assumptions could lead to a material deficit. Given the long-term time horizon of the plans, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions. A higher funding deficit could lead to additional funding requirements in future years. Any deficit relative to the actuarial funding purposes, which may differ from the position on an accounting basis, will generally be financed over a period that ensures the contributions are reasonably affordable to the Company and in line with UK regulations.

A full actuarial valuation of the Rockware Section and the Redfearn Section was carried out as at 5 April 2021 by a qualified independent actuary. These valuations were updated by an actuary to reflect the pension scheme assets and liabilities as at 31 December 2022.

The Rockware Section closed to future accrual with effect from 31 March 2013 and all active members at that date became deferred members. The Redfearn Section closed to future accrual from 30 September 2015 and all active members at that date became deferred members.

The assets and liabilities within each section continues to be held and managed separately by the Trustee Company.

As at 31 December 2022, the plans had nil active members (2021: nil), 1,092 (2021: 1,092) deferred members and 885 (2021: 885) pensioners (including dependents).

The weighted average duration of the liabilities in Ardagh Glass Limited's defined benefit pension plans is 13 years (2021: 20 years).

Ardagh Glass Limited

Notes to the Financial statements for the year ended 31 December 2022 (continued)

16 Retirement benefit obligations (continued)

Pension costs for defined contribution schemes are as follows:

	2022	2021
	£'000	£'000
Defined contribution schemes	4,745	4,125

The Company expects to contribute £5,500,000 to the group pension scheme in 2023 (2021: £4,100,000 in 2022).

In calculating the liabilities of the defined benefit scheme, the following financial assumptions have been used:

Rockware Section

	2022	2021
Discount rate	5.05%	1.90%
RPI	3.05%	3.20%
Pension-in payment increases	2.3%	2.45%
Post retirement mortality assumption	S3PA-H table	S2PA-H table
Life expectancy of current pensioners (years)		
• Male	20.0	19.8
• Female	22.6	22.4
Life expectancy of future pensioners (years)		
• Male	21.5	20.9
• Female	24.2	23.6

Redfearn Section

	2022	2021
Discount rate	4.90%	1.90%
RPI	3.00%	3.20%
Pension-in payment increases	3.05%	3.25%
Post retirement mortality assumption	S3PA-H table	S2PA-H table
Life expectancy of current pensioners (years)		
• Male	19.4	19.2
• Female	22.0	21.8
Life expectancy of future pensioners (years)		
• Male	20.8	20.3
• Female	23.6	23.1

- (1) These are updated versions of the S3PA-H standard mortality tables to allow for more recent mortality experience. The standard table has been projected forward in line with the medium cohort projection from 2000 onwards based on each member's year of birth.

The sensitivities of the scheme are as follows:

- If the discount rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would increase by an estimated £18.2 million (2021: £36.9 million). If the discount rate were to increase by 50 basis points, the carrying amount of the pension obligations would decrease by an estimated £16.3 million (2021: £32.6 million).

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

16 Retirement benefit obligations (continued)

- If the inflation rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would decrease by an estimated £11.9 million (2021: £20.7 million). If the inflation rate were to increase by 50 basis points, the carrying amount of the pension obligations would increase by an estimated £12.8 million (2021: £23.2 million).
- If life expectancy were to decrease by one year from management estimates, the carrying amount of the pension obligations would increase by an estimated £6.6 million (2021: £15.2 million).

The major categories of assets as a percentage of total plan assets are as follows:

Asset category	2022		2021	
	%	£'000	%	£'000
Equities and hedge funds	25.0%	40,999	38.3%	98,141
• Quoted	0.0%	-	0.0%	-
• Unquoted	25.0%	40,999	38.3%	98,141
Investment funds - Return Seeking Credit	21.7%	35,537	22.6%	57,924
• Quoted	2.8%	4,575	3.5%	8,867
• Unquoted	18.9%	30,962	19.1%	49,057
Bonds	26.3%	43,103	18.0%	46,359
• Quoted	41.8%	68,589	15.0%	38,472
• Unquoted	(15.5%)	(25,486)	3.0%	7,887
Others	5.6%	9,232	3.9%	9,967
• Quoted	0.0%	-	0.0%	-
• Unquoted	5.6%	9,232	3.9%	9,967
Cash	21.4%	35,046	17.2%	44,141
• Quoted	20.0%	32,832	10.3%	26,527
• Unquoted	1.4%	2,214	6.9%	17,614
Total	100%	163,917	100%	256,532

The pension schemes hedge their liabilities to mitigate the impact of interest rate and inflation movements. Rockware hedge 100% of the assets, Redfearn 80%. This hedge is achieved through a combination of gilt instruments together with interest rate and inflation swaps. These liability hedging assets are grouped under 'Bonds'.

The amounts recognised in the Balance Sheet are determined as follows:

	2022	2021
	£'000	£'000
Fair value of plan assets	163,917	256,532
Present value of defined benefit obligation	(257,444)	(395,307)
Liability in the balance sheet	(93,527)	(138,775)

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

16 Retirement benefit obligations (continued)

The amounts recognised in the Profit and Loss Account are as follows:

	2022	2021
	£'000	£'000
Interest on defined benefit obligation	6,764	6,508
Interest on defined benefit asset	(4,504)	(3,742)
Total included within the Profit and Loss Account (note 4)	2,260	2,766

The total charge is included in administrative expenses and cost of sales.

Change in the defined benefit obligation:

	2022	2021
	£'000	£'000
Present value of defined benefit obligation at start of year	395,307	436,888
Past Service credit	-	(7,675)
Interest cost	6,764	6,508
Remeasurement loss/(gain) – changes in demographic assumptions	965	(5,632)
Remeasurement (gain) – changes in financial assumptions	(156,232)	(5,856)
Remeasurement loss/(gain) – changes in experience	27,433	(9,192)
Benefit payments	(16,793)	(19,734)
Present value of defined benefit obligation at end of year	257,444	395,307

The defined benefit cost for the fiscal year ended 31 December 2021 includes a past service credit as a result of the introduction of the Bridging Pension Option effective 1 April 2021.

Change in plan assets:

	2022	2021
	£'000	£'000
Fair value of plan assets at start of year	256,532	235,437
Interest income	4,504	3,742
Remeasurement (loss)/gain – return on plan assets	(99,586)	17,647
Benefits payments	(16,793)	(19,734)
Employer contributions	19,260	19,440
Fair value of plan assets at end of year	163,917	256,532

Amount recognised in the Statement of Comprehensive Income:

	2022	2021
	£'000	£'000
Remeasurement gain on defined benefit obligation	127,834	20,680
Remeasurement (loss)/gain on plan assets	(99,586)	17,647
Remeasurement gain	28,248	38,327
Deferred tax on remeasurements	(7,062)	(9,579)
Deferred tax, rate change	-	12,013
Net remeasurement gain in the Statement of Comprehensive Income	21,186	40,761

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

16 Retirement benefit obligations (continued)

The history of experience (losses)/gains:

	2022	2021
Experience (losses)/gains on plan assets (£'000)	(99,586)	17,647
Percentage of plan assets	60.75%	6.88%
Experience gains on plan obligation (£'000)	127,834	20,680
Percentage of plan obligation	49.66%	5.23%
Fair value of plan assets (£'000)	163,917	256,532
Present value of plan obligation (£'000)	(257,444)	(395,307)
Net deficit (£'000)	(93,527)	(138,775)

The Company has agreed with the scheme's trustees to make a contribution to the scheme, during 2023, of £19,200,000 (2021: £19,260,000 during 2022).

The liabilities of the scheme are gradually settled over time until all members have left. As per the wind-up rule, any remaining assets must be distributed to the companies in the scheme.

17 Contingent liabilities

The Company has an ongoing obligation to provide death benefits to former employees, who have been made redundant, as part of their severance packages.

The benefits provided are payable if the employee dies during a specific period after being made redundant:

- If the employee was within ten years of normal retirement age at the age of redundancy, taken to be 65, up to the normal retirement age; or
- For one year.

The amount of the death benefit payable is two times the employee's salary at the date of redundancy.

The directors intend to take out annual insurance cover to meet any future liabilities in this respect and have already taken out life assurance for the year ending 31 December 2022. In the event that these obligations are not insured in the future, the Company's total contingent liability in this respect at 31 December is as follows:

	2022 £'000	2021 £'000
Within one year	-	488
Within two to three years	208	208
Within three to five years	353	324
After 5 years	-	-
	561	1,020

The above liability will either crystallise or lapse over the next five years.

Ardagh Glass Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

17 Contingent liabilities (continued)

Charges and guarantees

The Company is a joint guarantor on a senior secured basis for the senior secured debt of Ardagh Group S.A., an intermediate parent of the Company. As at 31 December 2022, Ardagh Group S.A. had \$3,266 million (2021: \$4,417 million) of senior secured debt outstanding (\$700 million 5.250% Senior Secured Notes due 2025, \$1,215 million 4.125% Senior Secured Notes due 2026, €439 million 2.125% Senior Secured Notes due 2026, €790 million 2.125% Senior Secured Notes due 2026). The Senior Secured debt is guaranteed on a senior basis by Ardagh Group S.A.

The Company is a joint guarantor on a senior subordinated basis for the senior debt of Ardagh Group S.A., an intermediate parent of the Company. As at 31 December 2022, Ardagh Group S.A. had \$2,281 million (2021: \$3,955 million) of Senior debt outstanding (£400 million 4.750% Senior Notes due 2027, \$800 million 5.250% Senior Notes due 2027, \$1,000 million 5.250% Senior Notes due 2027). The Senior debt is guaranteed on a senior basis by Ardagh Group S.A.

The Directors do not expect a loss to arise as a result of the above guarantee.

18 Capital and other financial commitments

	2022 £'000	2021 £'000
Contracts placed for future acquisition of tangible assets not provided in the financial statements	35,471	5,929

The Company holds an HMRC duty deferment guarantee with Citibank NA for the value of £50,000 (2021: £50,000).

19 Dividends

During the year the Company paid an interim dividend of £10,000,000 to Ardagh Glass (UK) Limited (2021: £nil). The Directors do not propose a final dividend (2021: £nil).

20 Ultimate parent undertaking company and controlling party

ARD Holdings S.A., a company registered in Luxembourg is the Company's ultimate parent undertaking and controlling party. Copies of ARD Holdings S.A.'s consolidated financial statements can be obtained from the Company Secretary, 56, rue Charles Martel, L-2134 Luxembourg.

ARD Holdings S.A. is the parent undertaking of the smallest and largest group of which Ardagh Glass Limited is a member and for which group financial statements are drawn up.

Ardagh Glass (UK) Limited, incorporated in the United Kingdom (England), is the intermediate parent company. Copies of the financial statements can be obtained from Companies House.

21 Subsidiary holdings

Details of the Company's holdings in subsidiary undertakings are shown below:

Name of Company	% held	Country of incorporation or registration	Nature of business
Ardagh Services (UK) Limited*	100%	England and Wales	Dormant company

*Investment value £1 (2021: £1)

The registered office of the company above is Headlands Lane, Knottingley, West Yorkshire, WF11 0HP.