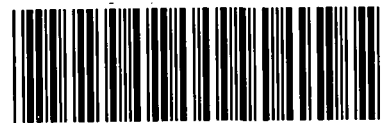


**RIGID GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**RIGID GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P I R Macharis J P W Macharis R J W Coward L O Maynard E Peeters
<b>Company secretary</b>	L O Maynard
<b>Registered number</b>	00269244
<b>Registered office</b>	Stoke Albany Road Desborough Kettering Northamptonshire NN14 2SR
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
<b>Bankers</b>	Barclays Bank Plc Mortlock House Histon Cambridge CB24 9DE  ING Belgium SA/NV Avenue Marnix 24 B-1000 Brussels
<b>Solicitors</b>	Freeths LLP One Colton Square Leicester LE1 1QH

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**RIGID GROUP LIMITED**

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## **RIGID GROUP LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Company information and principal activity**

The company is the parent company of a UK group involved in the manufacture and sale of recycled paper and cardboard packaging and tubes. The company is registered in England and Wales.

#### **Business review**

Rigid Group Limited is a holding company that derives its income from property rents and management charges, solely charged to the other companies within the group.

During 2018 the company continued its satisfactory underlying performance. The rents and management costs charged largely to Rigid Containers Limited in 2018 were achieved according to expectations and are projected to continue in a stable fashion in the coming years.

Rigid Containers Limited is expected to be profitable in the longer term and able to settle the charged rents and management fees.

Rigid Charta Limited was further restructured in 2018 and the trading relationship with CorrBoard UK Limited, an associated company by way of investment by the VPK Packaging Group, was terminated in October 2018. The Directors continue to keep the business options under review.

The company continues to be secure in its future activities due to its strong Balance Sheet and the future outlook of its main subsidiary company.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company relate to its trading subsidiaries and these include the cost of paper, competition from other significant entities and the general economic environment. The company believes that it has put adequate procedures in place to minimise the impact of these risks on the business.

There is still as yet no real clarity on the likely impact of the Brexit vote in June 2016 on the economy as a whole or the corrugated packaging industry in particular, and the uncertainty is likely to continue for some time. There is also still no clarity as to the final "Brexit Deal" currently being negotiated ahead of the March 2019 deadline whilst the possibility of a "No Deal" scenario cannot be becoming an increasingly possible outcome. The long term effects of Brexit, therefore, continue to be difficult to gauge at this stage but a high proportion of our raw materials and capital investments are sourced from the EU and further afield, so the company will be impacted by any further adverse movements in global exchange rates or impediments to movement of goods across borders and any associated increase in base costs. This risk is mitigated, as far as exchange rate impacts are concerned, as far as possible by the activities of the VPK Group Treasury Function engaging in foreign exchange forward buying and other exchange rate risk management activities on behalf of the wider VPK group of companies. With regard to the movement of goods through borders and any associated increased costs, the ability of the company to manage this risk is limited, though the company has made arrangements for additional stockholding of key materials in the short and medium term.

#### **Financial key performance indicators**

Given the nature of the business we are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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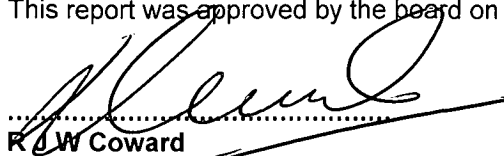
**RIGID GROUP LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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This report was approved by the board on 15 February 2019 and signed on its behalf.



.....  
**R. W. Coward**  
Director

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## RIGID GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### Results and dividends

The profit for the year, after taxation, amounted to £573,921 (2017: £2,482,852).

Total dividends of £Nil were paid during the year (2017: £5,000,000). The directors do not recommend payment of a final dividend.

#### Directors

The directors who served during the year were:

P I R Macharis  
J P W Macharis  
R J W Coward  
L O Maynard  
E Peeters

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 UK Accounting Standards 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## **RIGID GROUP LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Future developments**

There are no material future developments to report.

#### **Financial risk management objectives and policies**

The company uses financial instruments, other than derivatives, comprising group borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risk arising from the company's financial instruments is liquidity risk. The directors review and agree a policy for managing the risk and this is summarised below. The policy has remained unchanged from previous periods.

#### **Liquidity risk**

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. Primarily this is achieved through group financing arrangements and bank deposits.

#### **Equal opportunities**

The company is an equal opportunities employer. The company is committed to providing fair and equal treatment to all employees and job applicants in terms of recruitment, pay conditions, promotions, training and all employment matters regardless of their race, sex, ethnic background or religious beliefs, sexual orientation or disabilities. An equal opportunities policy is in place which aims to ensure that all employees are selected, trained, compensated, promoted and transferred solely on the strength of their ability, skills, qualifications and merit. The company also believes that all employees have a right to work in an environment free from discrimination and bullying.

#### **Employee involvement**

Company employees are kept informed on matters of concern to them, including those factors affecting the performance and future of the business. Company employees are consulted about changes in work methods and systems, terms and conditions of employment, job security, and other matters affecting their working environment.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company is continued and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

#### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

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**RIGID GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Disclosure of information to auditor**

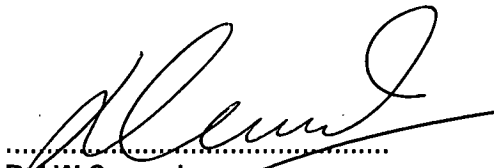
The directors confirm that:

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

**Auditor**

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

This report was approved by the board on 15 February 2019 and signed on its behalf.



.....  
**R.J.W. Coward**  
Director





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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIGID GROUP LIMITED

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### Opinion

We have audited the financial statements of Rigid Group Limited for the year ended 31 December 2018, which comprise the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 31 December 2018 and of its profit for the year 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 United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, but does not include 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIGID GROUP LIMITED (CONTINUED)**

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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 year 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 by 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIGID GROUP LIMITED (CONTINUED)

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### Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 the 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.

### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### The 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.

Grant Thornton UK LLP

Jane Jones  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leicester

15 February 2019

RIGID GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	3,047,414	2,805,869
<b>Gross profit</b>		<b>3,047,414</b>	<b>2,805,869</b>
Administrative expenses		(2,221,884)	(2,604,511)
Other operating income		60	807
<b>Operating profit</b>	5	<b>825,590</b>	<b>202,165</b>
Income from shares in group undertakings		-	2,500,000
Interest receivable and similar income	9	52	16
Interest payable and expenses	10	(44,500)	(32,064)
<b>Profit before tax</b>		<b>781,142</b>	<b>2,670,117</b>
Tax on profit	11	(207,221)	(187,265)
<b>Profit for the financial year</b>		<b>573,921</b>	<b>2,482,852</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

**RIGID GROUP LIMITED**  
**REGISTERED NUMBER:00269244**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 (Restated) £
<b>Fixed assets</b>			
Intangible assets	12	554,952	321,192
Tangible assets	13	14,649,169	13,435,149
Investments	14	11,057	11,057
		<u>15,215,178</u>	<u>13,767,398</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	349,776	857,002
		<u>349,776</u>	<u>857,002</u>
Creditors: amounts falling due within one year	16	(1,293,853)	(1,010,568)
<b>Net current liabilities</b>		<u>(944,077)</u>	<u>(153,566)</u>
<b>Total assets less current liabilities</b>		<u>14,271,101</u>	<u>13,613,832</u>
Creditors: amounts falling due after more than one year	17	(2,000,000)	(2,000,000)
<b>Provisions for liabilities</b>			
Deferred tax	19	(394,650)	(311,302)
		<u>(394,650)</u>	<u>(311,302)</u>
<b>Net assets</b>		<u><u>11,876,451</u></u>	<u><u>11,302,530</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	679,533	679,533
Capital redemption reserve	20	3,227,930	3,227,930
Profit and loss account	20	7,968,988	7,395,067
<b>Shareholders' funds</b>		<u><u>11,876,451</u></u>	<u><u>11,302,530</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 February 2019.

.....  
**R J W Coward**  
 Director

The notes on pages 12 to 28 form part of these financial statements.

**RIGID GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018 (Restated)	679,533	3,227,930	7,395,067	11,302,530
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	573,921	573,921
<b>Total comprehensive income for the year</b>	-	-	573,921	573,921
<b>At 31 December 2018</b>	<b>679,533</b>	<b>3,227,930</b>	<b>7,968,988</b>	<b>11,876,451</b>

The notes on pages 12 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017 (Restated)	679,533	3,227,930	9,912,215	13,819,678
<b>Comprehensive income for the year</b>				
Profit for the year (Restated)	-	-	2,482,852	2,482,852
<b>Total comprehensive income for the year</b>	-	-	2,482,852	2,482,852
Dividends: Equity capital	-	-	(5,000,000)	(5,000,000)
<b>At 31 December 2017 (Restated)</b>	<b>679,533</b>	<b>3,227,930</b>	<b>7,395,067</b>	<b>11,302,530</b>

The notes on pages 12 to 28 form part of these financial statements.

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## RIGID GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. General information

The company is the parent company of a UK group involved in the manufacture and marketing of paperboard transit packaging. The company is registered in England and Wales and its registered office is Stoke Albany Road, Desborough, Kettering, Northamptonshire NN14 2SR.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention except for the revaluation of investment property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The directors have chosen to early adopt the amendments made to FRS 102 under the 'Triennial Review 2017 Incremental Improvements and Clarifications' (Amendments to FRS 102) with an effective transition date of 1 January 2016.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland":

- the requirements of Section 7 Statement of Cashflow's;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of VPK Packaging Group NV for the year ended 31 December 2018, and their financial statements may be obtained from VPK Packaging Group NV, Kareelstraat 108, B-9300 Aalst, Belgium.

The following principal accounting policies have been applied:

##### 2.2 Turnover

Turnover is derived from property rents and management fees levied to subsidiary undertakings. Turnover is recognised in line with the provision of the asset or service.

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## RIGID GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases:

Software	- 20 % per annum on a straight line basis
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Amortisation charges are included in administrative expenses in the Statement of Comprehensive Income.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of any item of fixed assets the cost of replacing part of such an item when the cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 8.33% - Straight line
Office furniture	- 20% and 33.33% - Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.5 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from/to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.10 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.11 Employee benefits**

**Short term benefits**

Short term benefits including holiday pay and other similar non monetary benefits, are recognised as an expense in the period in which service is received.

**2.12 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.13 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

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## RIGID GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.15 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of VPK Packaging Group NV, a company incorporated in Belgium, and is included in the consolidated accounts of that company.

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**RIGID GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies:

- the directors must judge whether all of the conditions required for turnover to be recognised in the Statement of Comprehensive Income of the financial year, as set out in note 2.2 above, have been met.

Sources of estimation uncertainty:

- depreciation rates are based on estimates of the useful lives and residual values of the assets involved (see note 2.4); and
- amortisation rates are based on estimates of the useful lives and residual values of the intangible assets involved (see note 2.3).

**4. Turnover**

The whole of turnover is attributable to property rents and management charges, derived in the United Kingdom.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Rental Income	<b>1,897,418</b>	1,726,373
Management fees and other income	<b>1,149,996</b>	1,079,496
	<b>3,047,414</b>	<b>2,805,869</b>

**5. Operating profit**

The operating profit is stated after charging

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>(Restated)</b>
		<b>£</b>
Depreciation of tangible fixed assets	<b>678,103</b>	645,100
Amortisation of intangible assets	<b>122,730</b>	114,006
Exchange differences	<b>(298)</b>	14,580
Other operating lease rentals	<b>33,719</b>	12,792
Pension costs	<b>58,379</b>	54,934

**RIGID GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,120	2,060
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Taxation compliance services	2,060	2,000
Other taxation advisory	8,600	7,500
	<u>10,660</u>	<u>9,500</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	428,893	427,225
Social security costs	53,722	50,659
Pension costs	58,379	54,934
	<u>540,994</u>	<u>532,818</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Management and representatives	<u>4</u>	<u>3</u>

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RIGID GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	309,459	329,574
Company contributions to defined contribution pension schemes	18,671	37,412
	<u>328,130</u>	<u>366,986</u>

During the year retirement benefits were accruing to two directors (2017: two) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £198,305 (2017: £211,487).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,152 (2017: £20,936).

9. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>52</u>	<u>16</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Interest payable on intercompany loan	<u>44,500</u>	<u>32,064</u>

RIGID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Taxation

	2018 £	2017 (Restated) £
<b>Corporation tax</b>		
Prior year group taxation relief	(38,132)	(8,808)
Group taxation relief	162,005	162,401
<b>Total current tax</b>	<b>123,873</b>	<b>153,593</b>
<b>Deferred tax</b>		
Fixed asset timing differences tax charge	83,348	33,672
<b>Total deferred tax</b>	<b>83,348</b>	<b>33,672</b>
<b>Taxation on profit on ordinary activities</b>	<b>207,221</b>	<b>187,265</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 (Restated) £
Profit on ordinary activities before tax	781,142	2,670,117
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	148,417	513,998
<b>Effects of:</b>		
Expenses not deductible for tax purposes	14,280	75,442
Prior year group taxation relief	(38,132)	(8,808)
Deferred tax differences (including ineligible depreciation)	82,656	87,797
Dividends received from subsidiaries	-	(481,164)
<b>Total tax charge for the year</b>	<b>207,221</b>	<b>187,265</b>

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RIGID GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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12. Intangible assets

	Software £
<b>Cost</b>	
At 1 January 2018	649,110
Additions - internal	356,490
	<hr/>
At 31 December 2018	1,005,600
	<hr/>
<b>Amortisation</b>	
At 1 January 2018	327,918
Charge for the year	122,730
	<hr/>
At 31 December 2018	450,648
	<hr/>
<b>Net book value</b>	
At 31 December 2018	554,952
	<hr/> <hr/>
At 31 December 2017	321,192
	<hr/> <hr/>



**RIGID GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Other fixed assets £	Total £
<b>Cost or valuation</b>					
At 1 January 2018 (Restated)	16,975,348	2,212,154	58,249	93,748	19,339,499
Additions	-	1,892,124	-	-	1,892,124
Transfers between classes	-	93,748	-	(93,748)	-
At 31 December 2018	16,975,348	4,198,026	58,249	-	21,231,623
<b>Depreciation</b>					
At 1 January 2018 (Restated)	5,588,059	301,111	15,180	-	5,904,350
Charge for the year on owned assets	476,817	197,400	3,887	-	678,104
At 31 December 2018	6,064,876	498,511	19,067	-	6,582,454
<b>Net book value</b>					
At 31 December 2018	10,910,472	3,699,515	39,182	-	14,649,169
At 31 December 2017 (Restated)	11,387,289	1,911,043	43,069	93,748	13,435,149

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**RIGID GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**14. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2018	<b>11,057</b>
At 31 December 2018	<b>11,057</b>
<b>Net book value</b>	
At 31 December 2018	<b>11,057</b>
At 31 December 2017	<b>11,057</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Rigid Containers Limited	Ordinary shares	100 %	Manufacture and marketing of containers
Rigid Charta Limited	Ordinary shares	100 %	Marketing of packaging

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
Rigid Containers Limited	<b>15,082,130</b>	<b>(946,980)</b>
Rigid Charta Limited	<b>(2,199,694)</b>	<b>(59,056)</b>
	<b>12,882,436</b>	<b>(1,006,036)</b>

**RIGID GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Debtors**

	2018 £	2017 £
Amounts owed by group undertakings	349,776	620,923
Other debtors	-	1,216
Prepayments and accrued income	-	234,863
	<u>349,776</u>	<u>857,002</u>

**16. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Bank overdrafts	100	-
Trade creditors	3,645	356,681
Amounts owed to group undertakings	1,173,111	356,789
Other taxation and social security	42,338	119,816
Accruals and deferred income	74,659	177,282
	<u>1,293,853</u>	<u>1,010,568</u>

A limited guarantee has been provided by Rigid Group Limited, Rigid Containers Limited, VPK Services Gcv and VPK Packaging NV for £1,000,000 to Barclays Bank plc dated 21 November 2008.

**17. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Amounts owed to group undertakings	<u>2,000,000</u>	<u>2,000,000</u>

**RIGID GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u><b>349,776</b></u>	<u>622,139</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u><b>(3,293,769)</b></u>	<u>(2,890,752)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, bank overdrafts, amounts owed to group undertakings, accruals and deferred income.

**19. Deferred taxation**

	2018 £	2017 (Restated) £
At beginning of year	(311,302)	(728,606)
Movement in year	(83,348)	417,304
<b>At end of year</b>	<u><b>(394,650)</b></u>	<u>(311,302)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 (Restated) £
Accelerated capital allowances	(394,650)	(311,302)
	<u><b>(394,650)</b></u>	<u>(311,302)</u>

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## RIGID GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 20. Reserves

##### Capital redemption reserve

This includes all current and prior year capital redemption balances.

##### Profit and Loss Account

This includes all current and prior period retained profits and losses, less dividends paid.

#### 21. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
13,590,660 (2017: 13,590,660) Ordinary shares of £0.05 each	<b>679,533</b>	679,533

#### 22. Capital commitments

Capital commitments at the year end were £Nil (2017: £2,004,729).

#### 23. Pension commitments

##### Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £58,379 (2017: £54,934).

#### 24. Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group which is party to the transactions.

The company charged management charges to Corrbord UK Limited (a company that VPK Packaging Group NV has an investment in) of £64,254 (2017: £37,500) (excluding VAT) during the year and amounts owed by Corrbord UK Limited at the year end were £5,091 (2017: £45,000).

#### 25. Controlling party

The ultimate parent company is VPK Packaging Group NV, a company incorporated in Belgium.

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**RIGID GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**26. Early adoption of amendments made to FRS 102**

The Company early adopted the amendments made to FRS 102 under the 'Triennial Review 2017 Incremental Improvements and Clarifications' (Amendments to FRS 102) with an effective date of 1 January 2017.

Freehold property occupied by fellow subsidiaries previously classified as investment property are now classed as tangible fixed assets and recognised at historic cost less accumulated depreciation. Previously these were held at valuation. Revaluation adjustments previously made have been reversed. The impact of this transition is as follows:

	£'000
<b>Reconciliation of equity at 1 January 2017</b>	
Equity at 1 January 2017 as previously reported	20,664,598
Reverse recognition of fair value of freehold investment property	(2,184,652)
Recognition of depreciation charged on freehold property	(5,111,244)
Cumulative deferred tax in respect of investment property adjustment	450,976
<b>Revised equity shareholders funds at 1 January 2017</b>	<b>13,819,678</b>
<b>Reconciliation of equity at 31 December 2017</b>	
Equity at 31 December as previously reported	18,667,513
Reverse recognition of fair value of freehold investment property	(2,184,652)
Recognition of depreciation charged on freehold property	(5,588,059)
Cumulative deferred tax in respect of investment property adjustment	407,728
<b>Revised equity shareholders funds at 31 December 2017</b>	<b>11,302,530</b>
<b>Reconciliation of profit and loss account for the year ended 31 December 2017</b>	
Profit for the year as previously reported	3,002,915
Depreciation charged on freehold property	(476,815)
Deferred tax in respect of investment property adjustment	(43,248)
<b>Revised profit for the year ended 31 December 2017</b>	<b>2,482,852</b>

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**RIGID GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The following restatements have been made to the 31 December 2017 Statement of Comprehensive Income and Balance Sheet:

1. Administrative expenses in the year have been restated to £2,604,511 (previously £2,127,696). This increase represents depreciation charged in the year.
2. Tax on profit has been restated to £187,265 (previously £144,017). This represents the deferred tax in respect of investment property being restated to freehold property.
3. Fixed assets have been restated to £13,767,398 (previously £21,540,109). This represents the recognition of freehold tangible assets and the removal of the investment property at valuation previously reported.
4. Deferred tax provision has been restated to £311,302 (previously £719,030). This represents the recognition of deferred tax on freehold tangible assets and the removal of deferred tax on investment property.