Registered Number: 02117372

Strata Products Limited

Annual report and financial statements

for the year ended 31 March 2019

Strata Products Limited

Directors and advisors

Directors
P R M Vervaat (resigned 1 July 2019)
S J Kesterton (resigned 1 July 2019)
M Miles (appointed 1 July 2019)
J Greene (appointed 1 July 2019)
J Ilsen
M A Ilsen
J D Kavanagh (resigned 8 November 2018)

Secretary
N D M Giles (resigned 10 July 2019)
D Hamilton (appointed 10 July 2019)

Company Number
02117372

Registered Office
Plymouth Avenue
Brookhill Industrial Estate
Pinxton Notts
NG16 6NS

Auditor
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Strata Products Limited

Strategic report for the year ended 31 March 2019

The Directors present their strategic report on the Company for the year ended 31 March 2019.

Principal Activities

The Company's principal activity continues to be the manufacture of plastic products for the Garden, Home & Office and Baby markets from the fully owned UK manufacturing site in Nottinghamshire.

Business & Financial Review

The Company has continued to invest in new product development as well as increase listings with existing customers in order to maximise revenue growth, a key KPI for the Company. Net revenue has grown in excess of 6% against the prior year, with an increase from £29,888k to £31,736k. Once again the Company exhibited at major European & US trade shows. This has helped further drive export growth, with like-for-like export sales increasing by 39% when compared to 2018. However, the Company has reported an operating loss of £239k (2018: profit of £2,700k) as a result of an increased cost base.

The Company continues to invest in plant and machinery across all production processes to increase both capacity and efficiency which, aligned with other infrastructure investment, will enable the Company to exploit new sales opportunities as they arise. This is evidenced by PPE additions of £1,270k, which equated to 8% of opening NBV of fixed assets.

At the year end, the Company had net assets of £19,932k (2018: £19,718k).

Future Outlook for Plastic Packaging

RPC remains at the forefront of polymer conversion technology in the packaging industry and has developed a good reputation in the market place for innovative packaging design and concepts. Through its design and development facilities, the Company is able to develop unique packaging solutions to meet the needs of individual customer demands.

The rigid plastic packaging market is forecast to grow at above GDP over the next 5 years which will continue to present opportunities for the Packaging business to continue to grow.

Principal risks and uncertainties

The Directors perceive the principal risks facing the Company to be:

Customer concentration:
The loss of any key customer could significantly affect the Company's results. The Directors strive to ensure a wide spread of customers by being active in a number of different markets, including overseas, and a wide range of products being offered to suit every potential market.

Insurance risk: The Directors ensure that the Company fully insures its business assets and third party risks. This helps reduce the impact of business interruption through unforeseen circumstances.

On behalf of the board

M Miles
Director
19th December 2019

Strata Products Limited

Directors' report for the year ended 31 March 2019 (continued)

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2019.

Future developments

The Company has continued to invest in plant and machinery across all production processes to increase both capacity and efficiency which, aligned with other infrastructure investment, will enable the Company to exploit new sales opportunities as they arise.

Results and proposed dividend

The result for the year is a profit of £214,000 (2018: £2,235,000) and the directors do not recommend the payment of a dividend (2018: £nil).

Directors

The Directors of the Company during the year, and up until the date of signing, were:

P R M Vervaat (resigned 1 July 2019)
S J Kesterton (resigned 1 July 2019)
M Miles (appointed 1 July 2019)
J Greene (appointed 1 July)
J D Kavanagh (resigned 8 November 2018)
M A Ilsen
J Ilsen

Financial instruments

The Company's ultimate parent, RPC Group Plc, manages the interest rate, price and liquidity risks associated with the whole group, as disclosed in the financial statements of that company, which are publicly available.

Directors' indemnity provisions

The Directors have been granted a qualifying third party indemnity provision under Section 234 of the Companies Act 2006. The Company's indemnity does not provide cover in the event of a Director being proven to have acted fraudulently or dishonestly.

Directors' responsibilities statement

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

Directors' responsibilities statement (continued)

- 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.

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.

Statement on disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- That Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Appointment of auditors

Following the acquisition of RPC Group by Berry Global Inc. PricewaterhouseCoopers LLP will tender their resignation. New auditors will therefore be appointed in line with Section 485 of the Companies Act 2006.

Change of ultimate parent company

On 8 March 2019, the Directors of RPC and the Directors of Berry Global International Holdings Limited ('Berry Bidco') announced that they had reached an agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of RPC by Berry Bidco a wholly-owned subsidiary of Berry Global Group, Inc ('Berry').

The Acquisition was proposed to be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, which was subsequently approved by shareholders on 18 April 2019. Court sanction of the Acquisition occurred on 28 June 2019. On 1 July 2019, the acquisition was completed and RPC became a wholly owned subsidiary of Berry.

The new ultimate parent undertaking of the Group from the date of the transaction is Berry Global Group, Inc.

M Miles
Director
19th December 2019

Independent auditors' report to the members of Strata Products Limited

Report on the audit of the financial statements

Opinion

In our opinion, Strata Products Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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, comprising 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: the balance sheet as at 31 March 2019; the income statement and the 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

Independent auditors' report to the members of Strata Products Limited

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 March 2019 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 Directors' responsibilities statement, 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.

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.

Independent auditors' report to the members of Strata Products Limited

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 received 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.

Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
19 December 2019

Strata Products Limited

Income statement for the year ended 31 March 2019

	Note	**2019** **£'000**	2018 £'000
Revenue	3	**31,736**	29,888
Cost of sales		**(26,168)**	(22,692)
Gross profit		**5,568**	7,196
Distribution costs		**(2,861)**	(2,351)
Administrative expenses		**(2,946)**	(2,145)
Operating (loss) / profit	4	**(239)**	2,700
Interest payable and similar charges	6	**(40)**	(39)
(Loss) / profit before taxation		**(279)**	2,661
Taxation	7	**493**	(426)
Profit after taxation for the year		**214**	2,235

The results for the year above are derived entirely from continuing activities.

There is no other comprehensive (expense)/income other than those shown above and therefore no separate statement of comprehensive income has been presented.

Strata Products Limited

Balance sheet as at 31 March 2019

	Note	**2019** **£'000**	2018 £'000
Non-current assets			
Intangible assets	8	**66**	102
Property, plant and equipment	9	**14,314**	14,951
		14,380	15,053
Current assets			
Inventories	10	**5,289**	5,764
Trade and other receivables	11	**11,705**	11,027
Cash and cash equivalents		**849**	2,120
		17,843	18,911
Trade and other payables: amounts falling due within one year	12	**(11,541)**	(13,185)
Net current assets		**6,302**	5,726
Total assets less current liabilities		**20,682**	20,779
Trade and other payables: amounts falling due after more than one year	13	**(122)**	(399)
Provisions for liabilities			
Deferred tax	14	**(628)**	(662)
Net assets		**19,932**	19,718
Equity			
Share capital	15	**450**	450
Profit and loss account		**19,482**	19,268
Total equity		**19,932**	19,718

The financial statements on pages 7 to 23 were approved by the Board of Directors on 19th December 2019 and were signed on its behalf by:

M Miles
Director

Company number: 02117372

Strata Products Limited

Statement of changes in equity for the year ended 31 March 2019

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2017	450	17,033	17,483
Profit for the year	-	2,235	2,235
At 31 March 2018	450	19,268	19,718
At 1 April 2018	450	19,268	**19,718**
Profit for the year	-	214	**214**
At 31 March 2019	**450**	**19,482**	**19,932**

1 Accounting policies

The company is a private company that is limited by shares. It is incorporated in the United Kingdom and registered and domiciled in England.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and accounting policies have been consistently applied except as disclosed in the accounting policies in this note.

The accounting policies set out in this note have been applied in preparing the financial statements for the year ended 31 March 2019 and the comparative information presented in these financial statements for the year ended 31 March 2018.

These financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act) as applicable 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 qualifying entity for the purposes of FRS 101 as it is a member of a group which prepares publicly available consolidated financial statements and it is included in the consolidation for that group. Accordingly, the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

a) IFRS 7, 'Financial Instruments: Disclosures';

b) IAS 1, 'Presentation of financial statements' (paragraph 38) – comparative information requirements in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';

(iii) paragraph 118(e) of IAS 38, 'Intangible assets' – reconciliations between the carrying amount at the beginning and end of the period;

c) The following paragraphs of IAS 1, 'Presentation of financial statements':

(i) 10(d), (statement of cash flows);

(ii) 111 (cash flow statement information); and

(iii) 134-136 (capital management disclosures);

d) IAS 7, 'Statement of cash flows';

e) IAS 8 'Accounting policies, changes in accounting estimates and errors' (paragraph 30 and 31) – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;

1 Accounting policies (continued)

Basis of accounting (continued)

f) The following requirements of IAS 24, 'Related party disclosures':

(i) paragraph 17 – key management compensation; and

(ii) the requirements to disclose related party transactions entered into with two or more wholly owned members of a group.

The financial statements have been prepared on a going concern basis under the historical cost convention and accounting policies have been consistently applied.

The company has taken the exemption available to it under FRS 101 to not disclose a third balance sheet as at 1 April 2016 following a restatement in line with IAS 1 para 40A-D.

Revenue

Revenue, which excludes value added tax, other sales taxes and trade discounts, represents the invoiced value of goods sold net of value added tax and trade discounts. Revenue is recognised in the income statement when products and associated equipment are supplied to external customers in line with contractual arrangements. In these instances, significant risks and rewards of ownership have passed to third parties, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'.

The asset is recorded in the balance sheet as property, plant and equipment and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the income statement on a straight-line basis over the expected life of the lease.

Research and development

Research expenditure is written off in the year in which it is incurred.

Where the expenditure relates to the development of a new product or process which is expected to be technically feasible and commercially viable, development costs are capitalised and amortised over their useful economic lives, to a maximum of five years. The intangible assets are assessed for indications of impairment annually and any impairment is charged to the income statement.

Foreign currency

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into.

1 Accounting policies (continued)

Foreign currency (continued)

Monetary assets and liabilities are translated into sterling at the rate of exchange on the date of the balance sheet. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

All other foreign exchange differences are taken to the income statement in the year in which they arise.

Key Estimates and Assumptions

The preparation of the financial statements may require the directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Any estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key estimates and judgements used in the financial statements are as follows:

Taxation

The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost together with any incidental expenses of acquisition less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of each part of an item of property, plant and equipment less any residual value on a straight-line basis over the expected useful economic lives of the assets concerned, as follows:

Freehold buildings	50 years
Leasehold buildings	50 years
Plant and machinery	5 – 12 years
Motor vehicles	4 years
Fixtures and fittings	5 – 10 years

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows:

Patents	remaining life of patent
Product development costs	over the life of the project
Computer software and IT systems development costs	4 to 5 years
Customer contacts and relationships acquired	5 to 10 years
Technology	7 years
Brands	10 years

Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For finished goods, cost is taken as production cost which includes the cost of the raw materials and an appropriate proportion of overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Retirement benefit obligations

The Company participates in a defined contribution pension scheme. Payments to this defined contribution scheme are charged to the income statement when they fall due.

New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 March 2019 (see note 2). There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2019 that have had a material impact on the company.

1 Accounting policies (continued)

Trade and other receivables
Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

2. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Company's financial statements.

Based on the work performed by management there have been no adjustments made in respect of the new standards. This is explained as follows:

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

Impairment of financial assets

The company has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables for sales of inventory,
- intercompany receivables.

The company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. However this has not resulted in a material change and therefore no adjustment has been made.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(b) IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

2. Changes in accounting policies (continued)

The Company's core activities involve the production of plastic packaging to order, where customers are invoiced for the units produced. Therefore the right to consideration from the customer at any point generally corresponds with the value of the goods produced but unpaid for up to that point. In this scenario IFRS 15 permits the recognition of revenue in line with the value of goods the Company has a right to invoice for, which is in line with how the Company previously recognised revenue for these transactions.

A significant proportion of contracts do contain clauses pertaining to variable consideration, while a smaller, but not insignificant portion of contracts contained multiple performance obligations. Management reached the following conclusion over these:

Variable consideration

Contractual clauses that fall within the domain of variable consideration were limited to discounts (prospective reductions in price on future sales), rebates (retrospective reductions in price on past sales) and price downs (stepped reduction in price over a fixed period reflective of efficiencies and cost savings the Group will develop over the life of the contract).

Under IFRS 15, where there is a contract with variable consideration, if it is concluded that the contract provides the customer with a material right to a discount at a future date then that discount must be allocated to the performance obligations. A material right in the context of variable consideration is a price reduction in excess of what any other customer of a similar size could obtain for a similar product.

Rebates and discounts are a feature of the industry, as they are in the majority of high-volume businesses. It was identified that the quantum of the discount or rebate that can be earned by the customer are a small percentage of the overall value of the goods and of a similar level across the Group. Due to this, management have concluded discounts do not constitute a material right, as they could reasonably be obtained by any customer of a similar size entering into a contract for a similar product.

Multiple performance obligations

In the majority of cases contracts reviewed contained just one performance obligation, the production of plastic packaging. However, in some contracts multiple performance obligations could be present, largely the development of a mould followed by production from that mould.

Under IFRS 15, where there are distinct separate performance obligations within a contract it is required that a portion of the transaction price is allocated to each obligation and the revenue for each is only recognised when the conditions of that performance obligation are satisfied.

In the case or development of a mould followed by production from that mould there is the added complexity of ownership of the mould, whether it belongs to the customer of the Company, and when ownership transfers, if at all. Management has analysed each scenario and has concluded that there has been no change to the previous way that revenue is recognised in each of the scenarios. The reasons for this broadly fall into two categories, either the mould is transferred at the start of the contract, making it two separate performance obligations whereby the sales value of the mould is recognised on completion and sale of the mould and the remaining revenue is recognised on completion of each unit of the product, or the mould is retained by the Company for at least the duration of the contract and the mould being used to produce a combined output cannot be considered a distinct performance obligation from that of the goods produced.

2. Changes in accounting policies (continued)

As a result, management have concluded that there has been no significant change to revenue recognition under the new standard and therefore there are no material changes to the amounts recognised as revenue in the financial statements.

3. Revenue

The geographical analysis of revenue by destination and by origin is as follows:

	By destination		By origin	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
United Kingdom	**25,537**	25,413	**31,736**	29,888
Mainland Europe	**5,629**	4,317	**-**	-
Rest of World	**570**	158	**-**	-
	31,736	29,888	**31,736**	29,888

In the opinion of the directors, the activities of the Company represent a single class of business.

4. Operating (loss) / profit

The operating (loss) / profit is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Inventories recognised as an expense	**23,684**	21,811
Amortisation – intangible fixed assets	**36**	36
Depreciation of tangible fixed assets:		
- Owned by the company	**1,700**	1,350
- Held under finance leases	**158**	151
Auditors' remuneration in respect of external audit	**18**	18
Loss on disposal of tangible assets	**3**	13
Bad debt provision (release) / expense	**(4)**	10
Movement in stock provision	**(146)**	(141)
Operating lease rentals:		
- Plant and machinery	**134**	134
- Other operating leases	**138**	138

Fees paid to the auditor in respect on the external audit amounted to £18,000 (2018: £18,000). No fees were paid in respect of non-audit services (2018: £nil).

5. Employee information and directors' emoluments

a. Staff costs:

	2019	2018
	£'000	£'000
Wages and salaries	**4,828**	4,110
Social security costs	**453**	381
Pension costs	**62**	27
	5,343	4,518

b. The average monthly number of employees, including the Directors, during the year was as follows:

	2019	2018
	Number	Number
Production staff	**163**	145
Management, administration, and sales staff	**19**	20
	182	165

c. Directors' remuneration:

	2019	2018
	£'000	£'000
Remuneration	**446**	395

Total remuneration paid to the highest paid Director was £195,323 (2018: £155,324). There were no contributions made in respect of money purchase schemes (2018: none).

Strata Products Limited is not recharged for the two (2018: 2) Directors listed as Directors of Strata Products Limited but remunerated by other Group companies.

6. Interest payable and similar charges

	2019	2018
	£'000	£'000
On finance leases and hire purchase contracts	**40**	39
	40	39

7. Taxation

	2019 £'000	2018 £'000
Analysis of tax charge in the year		
Current Tax		
UK corporation tax on (loss)/profit for the year	-	459
Adjustment in respect of prior years	**(459)**	-
Total current tax	**(459)**	459
Deferred tax		
Origination and reversal of timing differences	**(32)**	38
Adjustment in respect of prior years	**(2)**	(71)
Total deferred tax (note 14)	**(34)**	(33)
Tax on (loss)/profit	**(493)**	426

The tax assessed for the year ended 31 March 2019 is lower than (2018: lower) the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
(Loss)/ profit before taxation	**(279)**	2,661
(Loss)/profit before taxation multiplied by the standard rate in the United Kingdom of 19% (2018: 19%)	**(53)**	506
Effects of:		
Expenses not deductible for tax purposes and additional relief	**21**	13
Group relief received	**7**	-
Adjustments in respect of prior year	**(461)**	(71)
Tax credited at a lower rate	**(7)**	(22)
Total tax (credit) / charge for the year	**(493)**	426

Factors that may affect future tax charges

The deferred tax on temporary differences at 31 March 2018 and 2019 has been calculated based on the tax rates substantively enacted at the balance sheet date.

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). At this stage, there remains significant uncertainty about the withdrawal process, its timeframe, and the outcome of the negotiations about the future arrangements between the UK and the EU.

At this point the company does not anticipate future tax rates to rise as a result of the UK triggering Article 50 (2) of the Treaty of the European Union. There remains inherent uncertainty surrounding the UK's exit from the EU and the impact on tax laws and rates. The directors have assessed and have not identified any significant matters impacting the financial statements.

8. Intangible assets

	Software £'000	Patents & design £'000	Intellectual property £'000	Total £'000
Cost				
At 1 April 2018	211	75	5	291
Additions	-	-	-	-
At 31 March 2019	**211**	**75**	**5**	**291**
Amortisation				
At 1 April 2018	109	75	5	189
Amortisation charge for the year	36	-	-	36
At 31 March 2019	**145**	**75**	**5**	**225**
Net book value				
At 31 March 2019	**66**	**-**	**-**	**66**
At 31 March 2018	102	-	-	102

9. Property, plant and equipment

	Freehold property £'000	Short-term leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 April 2018	4,879	606	26,622	87	836	33,030
Additions	116	-	1,036	-	118	1,270
Disposals	-	-	(84)	(34)	-	(118)
At 31 March 2019	**4,995**	**606**	**27,574**	**53**	**954**	**34,182**
Accumulated depreciation						
At 1 April 2018	670	329	16,350	87	643	18,079
Charge for year	71	-	1,730	-	57	1,858
On disposals	-	-	(35)	(34)	-	(69)
At 31 March 2019	**741**	**329**	**18,045**	**53**	**700**	**19,868**
Net book value						
At 31 March 2019	**4,254**	**277**	**9,529**	**-**	**254**	**14,314**
At 31 March 2018	4,209	277	10,272	-	193	14,951

Assets included within plant and machinery that are under the course of construction amounted to £577,028 (2018: £408,116).

9. Property, plant and equipment (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019	2018
	£'000	£'000
Plant and machinery	**1,539**	1,471
	1,539	1,471

10. Inventories

	2019	2018
	£'000	£'000
Raw materials	**1,676**	1,970
Finished goods and goods for resale	**3,613**	3,794
	5,289	5,764

There is no significant difference between the replacement cost of inventories and their carrying amounts.

Inventories are stated after provision for impairment of £183,000 (2018: £329,000). There were no write down of inventories recognised as an expense in the year (2018: £nil).

11. Trade and other receivables

	2019	2018
	£'000	£'000
Trade debtors	**8,087**	8,150
Prepayments and accrued income	**149**	212
Amounts receivable from group undertakings	**3,469**	2,665
	11,705	11,027

Trade receivables are stated after provision for doubtful debt of £nil (2018: £29,000).

12. Trade and other payables: amounts falling due within one year

	2019	2018
	£'000	£'000
Amounts owed to fellow group companies	**2,249**	1,848
Net obligations under finance leases and hire purchase contracts	**287**	383
Trade creditors	**7,026**	8,481
Corporation tax creditor	**-**	459
Other taxation and social security	**390**	367
Other creditors	**33**	14
Accruals and deferred income	**1,556**	1,633
	11,541	13,185

The amounts owed to fellow group companies are interest free, unsecured and have no fixed repayment date.

13. Trade and other payables: amounts falling due after more than one year

	2019	2018
	£'000	£'000
Net obligations under finance leases and hire purchase contracts	**122**	399
	122	399

Obligations under finance leases and hire purchase contracts, included above, are repayable as follows:

	2019	2018
	£'000	£'000
Between one and five years	**122**	399
	122	399

14. Deferred taxation

	£'000
At 1 April 2018	**662**
Credit for the year	**(32)**
Adjustments in respect of prior year	**(2)**
At 31 March 2019	**628**

The provision for deferred taxation is made up as follows:

	2019	2018
	£'000	£'000
Accelerated capital allowances	**628**	662

15. Share capital

	2019	2018
	£'000	£'000
Allotted, called up and fully paid:		
450,000 (2018: 450,000) ordinary shares of £1 each	**450**	450

16. Pension commitments

The Company participates in a defined contributions 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 during the year and amounted to £62,000 (2018: £27,000).

17. Capital commitments

	2019	2018
	£'000	£'000
Capital expenditure authorised and committed but not provided for:	**-**	389

18. Financial commitments

The Company had total minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£'000	£'000
Land and buildings:		
Within one year	432	103
Within two to five years	612	-
	1,044	103
Other than land and buildings:		
Within one year	166	136
Within two to five years	164	208
	330	344

19. Post balance sheet events

On 8 March 2019, the Directors of RPC and the Directors of Berry Global International Holdings Limited ('Berry Bidco') announced that they had reached an agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of RPC by Berry Bidco a wholly-owned subsidiary of Berry Global Group, Inc ('Berry').

The Acquisition was proposed to be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, which was subsequently approved by shareholders on 18 April 2019. Court sanction of the Acquisition occurred on 28 June 2019. On 1 July 2019, the acquisition was completed and RPC became a wholly owned subsidiary of Berry.

The new ultimate parent undertaking of the Group from the date of the transaction is Berry Global Group, Inc.

20. Ultimate parent undertaking and controlling party

The immediate parent company is RPC Packaging Holdings Limited, a company incorporated in England and Wales. During the year RPC Group Plc was the ultimate parent company and controlling party. For details of the changes post balance sheet see note 19.

The smallest and largest group for which consolidated financial statements are prepared and which include the results of the company for the year is RPC Group Plc.

Copies of the RPC Group Plc's consolidated financial statements may be obtained from the Company Secretary, RPC Group Plc, Sapphire House, Crown Way, Rushden, Northants NN10 6FB.