Mondi Services (UK) Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered number: 06003425

Mondi Services (UK) Limited

Annual report and financial statements
For the year ended 31 December 2022

Contents

Mondi Services (UK) Limited

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For the year ended 31 December 2022

Officers and professional advisers

Directors

J L Hampshire
A C W King
J C Paterson
M A McHugh
M A Powell

Company secretary

J L Hampshire

Registered office

Ground Floor, Building 5
The Heights
Brooklands
Weybridge
Surrey, KT13 0NY

Registered Number
06003425

Bankers

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London EC2N 2DB

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
United Kingdom
WC2N 6RH

Mondi Services (UK) Limited

Annual report and financial statements

For the year ended 31 December 2022

Strategic report

The directors, in preparing this Strategic report, have complied with section 414C of the Companies Act 2006.

Review of the business

Mondi Services (UK) Limited ("the Company") provides services and facilities to the Mondi Group ("the Group") and more specifically Mondi plc. The directors have the present intention of maintaining its business in the current form and believe the Company's future prospects to be satisfactory. As the Company provides services and recharges all costs to Mondi plc, the Company's directors believe that further key performance indicators of the Company are neither necessary nor appropriate for an understanding of the development, performance or position of the business.

The loss for the financial year after tax was £41,985 (2021: loss of £12,106). The directors do not recommend the payment of a dividend for the year (2021: nil).

Section 172 statement

This section of the strategic report describes how the directors have had regard to the matters set out in Section 172 (1) of the Companies Act 2006 ("s172") when performing their duty to promote the success of the Company for the benefit of its shareholders. As the Company is a wholly-owned subsidiary of the Group, its parent company and other members of the Group are key stakeholders of the Company. Accordingly, the interests of the Group have been taken into account by the directors and decisions have been made in agreement with the Board of Mondi plc.

The Company does not have any employees.

For more information on the Group, please see the s172 statement on pages 32-35 of the Group's Integrated report 2022, which does not form part of this report but provides details of the consideration given to stakeholders by the Group.

Risk management

The directors considered the risks attached to the Company's financial instruments, which principally comprise trade and other receivables, trade and other payables and loans to and from other group companies. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. For more information on the Group, please see the principal risks and risk management on pages 72-81 of the Group's Integrated report 2022, which does not form part of this report but provides details of the consideration given to stakeholders by the Group.

Future development

The directors have the present intention of maintaining its business in the current form and believe the Company's future prospects to be satisfactory.

Approved by the Board of Directors on 9 May 2023 and signed on behalf of the Board by:

J C Paterson
Director

Mondi Services (UK) Limited

Annual report and financial statements

For the year ended 31 December 2022

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J L Hampshire
A C W King
J C Paterson
M A McHugh
M A Powell

Directors' indemnities

The Company, via its ultimate holding company (Mondi plc), has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Information set out in the Strategic report

Disclosures relating to the following items have been included in the Strategic report, which can be found on page 2:

- dividend payments and recommendations;
- financial risk management objectives, policies and related exposures to price risk, credit risk, liquidity risk and cash flow risk; and
- likely future developments in the business of the Company.

Going concern

The directors believe that the Company will continue to act in line with its principal business activity as a service entity for the Mondi Group. The Company's ultimate holding company, Mondi plc, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period of not less than 12 months from the signing of the Company's annual financial statements.

As a result, the directors believe that the Company will continue to be a going concern into the foreseeable future and have adopted the going concern basis of accounting.

Russian operations

In May 2022, the Board of the Group decided to divest the Group's Russian assets. The disposals are conditional on the approval of the Russian Federation's Government Sub-Commission for the Control of Foreign Investments and customary antitrust approvals. The Syktyvkar disposal is also subject to the approval of Mondi's shareholders at a General Meeting. These approvals remain outstanding. As the disposals are being undertaken in an evolving political and regulatory environment, there can be no certainty as to when they will be completed.

Events occurring after 31 December 2022

There have been no material reportable events since 31 December 2022.

Mondi Services (UK) Limited

Annual report and financial statements

For the year ended 31 December 2022

Directors' report (continued)

Statement as to disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as independent auditors and in accordance with the Companies Act 2006 are deemed to remain in office as independent auditors of the Company.

Approved by the board of directors on 9 May 2023 and signed by orderof the board by:

J L Hampshire
Company Secretary

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

Directors' confirmations

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

  they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Mondi Services (UK) Limited

Independent auditors' report to the member of Mondi Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mondi Services (UK) Limited's financial statements:

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

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Profit and loss account and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

Independent auditors' report to the member of Mondi Services (UK) Limited (continued)

audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Independent auditors' report to the member of Mondi Services (UK) Limited (continued)

- Discussions with management, including consideration of potential instances of non-compliance with laws and regulations and fraud;
- Testing a sample of journal entries in relation to unexpected account combinations, post close journals and journals with unusual descriptions;
- Reviewing board meeting minutes up to the date of the audit report; and
- Testing payroll transactions, including management estimates relating to employee benefits.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Matthews (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 May 2023

Mondi Services (UK) Limited

Profit and loss account

For the year ended 31 December 2022

	Note(s)	2022 £	2021 £
Turnover	4	17,601,829	15,231,870
Personnel costs	3, 5	(9,730,669)	(9,627,642)
Other operating costs	6	(7,704,955)	(5,055,644)
Depreciation	9	(173,310)	(524,724)
Gain/(Loss) on disposal of fixed assets	9	7,794	(8,163)
Operating profit	5	689	15,697
Interest payable and similar expenses	7	(42,674)	(27,803)
Loss before tax		(41,985)	(12,106)
Tax on loss	8	-	-
Loss and total comprehensive expense for the financial year		(41,985)	(12,106)

All amounts derive from continuing operations.

There are no items of other comprehensive income or expense for the current or preceding financial year other than the loss for the financial year shown above and therefore no separate Statement of Comprehensive Income has been presented.

The notes of pages 12 to 23 form an integral part of these financial statements

Mondi Services (UK) Limited

Balance sheet
As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	1,224,212	1,352,134
Current assets			
Trade and other receivables	11	1,780,058	1,320,766
Total assets		3,004,270	2,672,900
Current liabilities			
Trade and other payables	13	(6,854,361)	(6,473,619)
Lease obligations	12	(7,668)	(7,387)
		(6,862,029)	(6,481,006)
Net current liabilities		(5,081,971)	(5,160,240)
Non-current liabilities			
Lease obligations	12	(7,959)	(15,627)
Total liabilities		(6,869,988)	(6,496,633)
Net liabilities		(3,865,718)	(3,823,733)
Equity			
Called up share capital	14	1	1
Accumulated losses		(3,865,719)	(3,823,734)
Total shareholders' deficit		(3,865,718)	(3,823,733)

The financial statements of pages 9 to 23 were approved by the Board of Directors and authorised for issue on 9 May 2023.
They were signed on its behalf by:

J C Paterson
Director
Company registered number: 06003425

Mondi Services (UK) Limited

Statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Accumulated losses	Total
	£	£	£
Balance at 1 January 2021	1	(3,811,628)	(3,811,627)
Loss and total comprehensive expense for the year	-	(12,106)	(12,106)
Balance at 31 December 2021	1	(3,823,734)	(3,823,733)
Loss and total comprehensive expense for the year	-	(41,985)	(41,985)
Balance at 31 December 2022	1	(3,865,719)	(3,865,718)

The notes of pages 12 to 23 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2022

1. General information

Mondi Services (UK) Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are separate financial statements.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements of Mondi plc. The consolidated financial statements are available to the public and can be obtained as set out in note 15.

New accounting policies, early adoption and future requirements

Amendments to published Standards effective during 2022

The following amendments to Standards have been adopted for the financial year beginning on 1 January 2022, and have had no significant impact on the Group's results:

- Annual improvements to IFRS Standards 2018-2020 cycle
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 3 – Business Combinations – References to the Conceptual Framework

Amendments to published Standards effective for the financial year beginning on 1 January 2023

The following amendments to Standards will be effective for the financial year beginning on 1 January 2023 and were adopted by the UK Endorsement Board in December 2022. The amendments are not expected to have a significant impact on the Group's results:

- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year, except for the following:

Going concern

The directors believe that the Company will continue to act in line with its principal business activity as a service entity for the Mondi Group. The Company's ultimate holding company, Mondi plc, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period of not less than 12 months from the signing of the Company's annual financial statements.

As a result, the directors believe that the Company will continue to be a going concern into the foreseeable future and have adopted the going concern basis of accounting.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents rental income from group companies and amounts receivable for management services provided to other group companies, net of VAT and other sales-related taxes.

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

The turnover recorded from cost recharges from Mondi Services (UK) Limited to Mondi plc and the settlement of the receivable are executed monthly as a part of the monthly closing process in accordance with the Group's established internal policy.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies *(continued)*

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are initially recognised at their fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairments.

2. Significant accounting policies *(continued)*

Other financial liabilities

Other financial liabilities, including borrowings, are initially recognised at fair value, net of direct transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Tangible fixed assets

Tangible fixed assets comprise Furniture and Equipment, Land and Buildings and Computer equipment.

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes all costs incurred in bringing the equipment to the location and condition for its intended use.

At each reporting date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Depreciation is charged to write off the cost of assets on the straight-line basis over their estimated useful economic lives to their estimated residual values. Useful economic lives have been estimated as follows:

- right of use asset (land and buildings, furniture and equipment) 2 to 3 years
- computer equipment 3 to 5 years
- furniture and equipment 5 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Details for assets held under leases are explained under section ‘Leases’.

2. Significant accounting policies (continued)

Leases

To the extent that a right-of-control exists over an asset subject to a lease with a lease term exceeding one year, a right-of-use asset, representing the Company's right to use the underlying leased asset, and a lease liability, representing the Company's obligation to make lease payments, are recognised in the balance sheet at the commencement of the lease.

The right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in terms of the lease. Depreciation is charged to the profit and loss account so as to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. This amounts to a lease term of two to three years for the right of use asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the profit and loss account over the period of the lease.

Lease expenses for leases with a duration of one year or less and low-value assets are charged to the profit and loss account when incurred. Low-value assets are based on qualitative and quantitative criteria.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas of judgement and estimation the directors considered included the assessment of deferred taxation (see note 10) and the discount rate on initial measurement of lease obligations (see note 12). The directors do not consider any of the judgements and estimates as critical accounting judgements or significant accounting estimates as defined in IAS 1.

Mondi Services (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

3. Directors and employees

The Company had no employees during the year (2021: none). Employee costs of 27 employees of Mondi plc (2021: 27) of £9,730,669 (2021: £9,627,642) were borne by Mondi Services (UK) Limited on behalf of Mondi plc in accordance with the Group's established internal policy. The directors received no remuneration or emoluments in respect of the services provided to the Company during the year (2021: nil).

	2022 No.	2021 No.
Monthly average number of persons employed by Mondi plc		
Sales and administration	27	27
	27	27

	2022 £	2021 £
Staff costs during the year		
Wages and salaries	8,501,334	8,339,056
Social security costs	1,154,839	1,263,747
Other pension costs	74,496	24,839
	9,730,669	9,627,642

4. Turnover

	2022 £	2021 £
Rendering of services	17,591,829	15,219,870
Rental income	10,000	12,000
	17,601,829	15,231,870

5. Operating profit

Employee costs of 27 employees of Mondi plc (2021: 27) of £9,730,669 (2021: £9,627,642) were borne by Mondi Services (UK) Limited on behalf of Mondi plc in accordance with the Group's established internal policy.

The audit fee for the audit of the Company's financial statements of £27,652 (2021: £23,874) has been borne by the Company in both years.

Mondi Services (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

6. Other operating costs

	2022	2021
	£	£
Advertising, marketing and reports	1,333,553	1,069,952
Recruiting and training expenses	257,874	143,445
Audit fees	1,963,367	203,897
Legal, tax and other consulting fees	2,382,926	1,866,628
Travel expenses	376,261	110,252
IT and telecommunication expenses	386,378	278,903
Office expenses, maintenance	230,112	835,239
Miscellaneous expenses	774,484	547,328
	7,704,955	5,055,644

7. Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	(41,985)	(14,417)
Interest on lease obligations	(689)	(13,386)
	(42,674)	(27,803)

Interest on amounts due to group undertakings is charged at current market rates and amounts due are payable on demand. Refer to note 12 for details on leases.

Notes to the financial statements (continued)
For the year ended 31 December 2022

8. Tax on loss

(a) Analysis of tax charge for the year

	2022 £	2021 £
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-

(b) Factors affecting tax charge for the year

The total tax charge assessed for both years differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £	2021 £
Loss before taxation	(41,985)	(12,106)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(7,977)	(2,300)
Tax effect of:		
Expenses not deductible for tax purposes	-	-
Depreciation in excess of capital allowances	(21,631)	15,601
Tax losses not recognised in deferred tax	29,608	-
Group (claimed) and not charged	-	(13,301)
Tax charge for the year	-	-

The UK corporation tax main rate is due to rise to 25% from 1 April 2023, which was substantively enacted on 24 May 2021. The increase does not have an impact on Mondi Services (UK) Ltd, as the gross temporary differences are not recognised for deferred tax purposes.

Mondi Services (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

9. Tangible assets

	Land and Buildings	Computer equipment	Furniture and equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	2,407,696	572,602	2,662,056	5,642,354
Additions	-	66,932	1,286,907	1,353,839
Disposals	(2,407,696)	(511,266)	(2,620,924)	(5,539,886)
At 31 December 2021	-	128,268	1,328,039	1,456,307
Additions	-	45,642	-	45,642
Transfers	-	6,696	(6,696)	-
Disposals	-	-	(942)	(942)
At 31 December 2022	**-**	**180,606**	**1,320,401**	**1,501,007**
Accumulated depreciation				
At 1 January 2021	1,956,921	549,069	2,605,182	5,111,172
Charge for the year	450,775	20,588	53,361	524,724
Disposals	(2,407,696)	(510,812)	(2,613,215)	(5,531,723)
At 31 December 2021	**-**	**58,845**	**45,328**	**104,173**
Charge for the year	-	25,723	147,588	173,311
Disposals	-	-	(689)	(689)
At 31 December 2022	**-**	**84,568**	**192,227**	**276,795**
Carrying amount				
At 31 December 2022	**-**	**96,038**	**1,128,174**	**1,224,212**
At 31 December 2021	-	69,423	1,282,711	1,352,134

The carrying amount and depreciation charge accumulated held as right of use assets (included in Furniture and equipment) amount to £14,928 (2021: £22,330) and £22,083 (2021: £14,681), respectively.

The Company disposed of assets (included in Furniture and equipment) during the financial year. The difference between the net disposal proceeds of £7,835 (2021: £nil) and its carrying amount of £41 (2021: £8,163) is recognised in the profit and loss account within gain/(loss) on disposal of fixed assets.

Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Deferred tax asset - unrecognised

	2022	2021
	£	£
Depreciation in excess of capital allowances	20,988	387,402
Tax losses	458,097	-
Deferred tax asset	479,085	387,402

No deferred tax assets have been recognised, as it is not considered likely that they would be recovered. The unrecognised deferred tax asset has no expiry date.

11. Trade and other receivables

Amounts falling due within one year:

	2022	2021
	£	£
Amounts owed by group undertakings	1,111,361	685,179
Prepayments	169,663	249,716
Tax and social security	499,034	385,871
	1,780,058	1,320,766

Interest on amounts owed by group undertakings is earned at current market rates, charged only on balances outstanding for more than 12 months, and amounts owed are payable on demand.

12. Lease obligations

The Company renewed the lease for photocopiers in 2020. The lease term is 60 months and fixed instalments of £2,019 are payable quarterly in advance. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The interest rate implicit in the lease is 3.8%. The right of use asset for the photocopiers is reflected in the underlying asset class of Furniture and equipment and the related lease liabilities are reflected as Lease obligations.

Future minimum lease payments are as follows:

	2022	**2021**
	£	**£**
Minimum lease payments		
Within one year	8,076	8,076
Between two and five years	8,076	16,152
Future value of lease liability	16,152	24,228
Less: Future finance charges	(525)	(1,214)
Present value of lease liability	15,627	23,014

13. Trade and other payables

	2022	2021
	£	£
Amounts owed to group undertaking	2,274,319	1,945,745
Trade payables	81,798	74,853
Accruals	4,164,957	4,106,319
Tax and social security	333,287	346,702
	6,854,361	6,473,619

Interest on amounts due to group undertakings is charged at current market rates and amounts due are payable on demand. These amounts owed to group undertakings relate to deposits that are held within a group cash pool account for which a cash pooling arrangement is in place.

14. Called up Share capital

	2022	2021
	£	£
Issued and fully paid		
1 (2021: 1) ordinary share of £1	1	1

Mondi Services (UK) Limited is not restricted in the number of shares that can be issued.

15. Ultimate parent company

The immediate parent company and controlling party is Mondi Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and ultimate controlling party is Mondi plc, a company incorporated in the United Kingdom and registered in England and Wales. Mondi plc is the parent undertaking of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared.

The financial statements of Mondi Investments Limited and Mondi plc may be obtained from the Company Secretary, Building 5, Ground Floor, The Heights, Brooklands, Weybridge, Surrey, KT13 0NY.

16. Events occurring after 31 December 2022

There have been no material reportable events since 31 December 2022.