

**JENA (UK) LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2018**



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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D L Smith  
P S Windle

**SECRETARY**

C G Whittaker

**REGISTERED OFFICE**

20 Brickfield Road  
Yardley  
Birmingham  
B25 8HE

**BANKERS**

HSBC Bank plc  
4th Floor, 120 Edmund Street  
Birmingham  
B3 2QZ

**AUDITOR**

Grant Thornton UK LLP  
Statutory Auditor  
80 Regent Road  
Leicester  
LE1 7NH  
United Kingdom

## **Strategic Report**

### **For the year ended 31 December 2018**

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

#### **PRINCIPAL ACTIVITY**

The company's principal activity during the year was that of packing, supplying, and merchandising paper, plastic and polystyrene disposables.

#### **BUSINESS REVIEW**

The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect growth in the foreseeable future.

The Directors expect the business to continue to grow profitably in 2019 in all 3 existing channels & also new channels. Developing new range opportunities with existing customers will be a key part of 2019 growth, as well as exploiting new customer opportunities in the pipeline. New Product Innovations and responding to market challenges will be key in 2019 with particular emphasis on delivering solutions to the high profile environmental packaging challenges.

#### **KEY PERFORMANCE INDICATORS**

Management perceive the key performance indicators to be turnover and operating profit before exceptional items and charitable donations. The result is consistent with the key performance indicators that the directors monitor. Turnover increased by 8.4% on the previous year. The operating profit for the year before exceptional items and charitable donations was £1,212,000 (2017: £798,000).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company may be affected by a number of other risks and uncertainties not all of which are within its control, such as currency fluctuations which has resulted in an increase to costs for materials purchased in USD denominated currency.

##### ***Perceived environmental issues***

There has been a UK government led campaign over the last few years targeting the reduction in the usage of plastic products because of their perceived negative environmental impact. There is a risk of further reduction in plastic bag and other similar packaging usage both in the UK and overseas markets as further targets and/or environmental taxes are introduced. The company is at the forefront in the offering of alternative materials and product solutions to its customers to assist them in meeting their environmental obligations whilst meeting the needs of the consumer.

##### ***Commodity price risk***


The company is exposed to commodity price risk in relation to the cost of its major raw material input, polyethylene resin and paper. The company monitors trends in the market closely and liaises with related companies and third party suppliers in relation to fluctuations in the prices and impact on future profitability. The company does not hedge its future raw material requirements but it does seek to recover major movements in the commodity price through price adjustments with its customers when appropriate.

## Strategic Report (continued)

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors anticipate increasing profitability in the following year as the company continues to develop its existing markets and strategy.

Approved by the Board and signed on its behalf:

A handwritten signature in black ink, appearing to read 'D L Smith', with a stylized flourish at the end.

D L Smith

Director

24th September, 2019

## Directors' Report

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

### RESULTS AND DIVIDENDS

The company's principal activities, principal risks and uncertainties and future developments are presented in the Strategic report.

The results for the year are set out on page 10.

The directors do not recommend payment of an ordinary dividend (2017: £Nil).

### DIRECTORS

There are no outstanding third party indemnities.

The following directors have held office during the year and to the date of this report:

D L Smith  
S J Flaherty (resigned 25th January 2018)  
P S Windle

### FINANCIAL RISK MANAGEMENT

The company's activities expose it to a number of financial risks including cash flow, credit risk and liquidity risk.

#### *Cash flow risk*

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. A majority of the company's inventory purchases are in US dollars. The company invoices a portion of its sales in US dollars which provides a natural hedge against some of the exposure to the currency fluctuations.

#### *Credit risk*

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has no significant concentration of credit risk.

#### *Liquidity risk*

The company monitors its cash flow on a daily basis as part of its normal control procedures.

### GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements.

## Directors' Report (continued)

### AUDITOR

Each of the directors of the company at the date when this report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Approved by the Board of Directors and signed:

A handwritten signature in black ink, appearing to read 'D L Smith', with a stylized flourish at the end.

D L Smith

Director

24<sup>th</sup> September, 2019

## **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom 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 of the company and of the 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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.



## **Independent Auditor's Report To The Members Of Jena (UK) Limited**

### **Opinion**

We have audited the financial statements of Jena (UK) Limited ('the company') for the year ended 31 December 2018, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We 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.

**Independent Auditor's Report to the members of Jena (Uk) Limited (continued)**

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

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

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

## Independent Auditor's Report to the members of Jena (Uk) Limited (continued)

### Responsibilities of directors for the financial statements

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

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

### 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.

### 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.



Thomas Copson (Senior Statutory Auditor)  
for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants  
East Midlands

Date: 24 September 2019

**Profit and loss account****Year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Turnover	3	51,570	47,578
Cost of sales		(44,505)	(41,852)
<b>Gross profit</b>		<b>7,065</b>	<b>5,726</b>
Distribution costs		(1,841)	(1,230)
Administration expenses		(4,012)	(3,698)
<b>Operating profit before exceptional items and charitable donations</b>		<b>1,212</b>	<b>798</b>
Exceptional items	6	-	(636)
Charitable donations	7	(500)	-
<b>Total operating profit</b>		<b>712</b>	<b>162</b>
Interest payable and similar charges	8	(264)	(130)
Interest receivable and similar income	8	83	-
<b>Profit before taxation</b>	6	<b>531</b>	<b>32</b>
Taxation	9	(134)	(9)
<b>Profit for the financial year</b>		<b>397</b>	<b>23</b>

All operations are continuing.

There have been no recognised gains and losses other than the loss for the current year and for the prior year shown above. Accordingly, no separate statement of comprehensive income is presented.

The notes on pages 14-27 form part of these financial statements.

**Balance Sheet****At 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	460	539
		<u>460</u>	<u>539</u>
<b>Current assets</b>			
Stock	11	9,693	8,763
Debtors	12	12,760	14,185
Cash at bank and in hand	15	333	1,550
		<u>22,786</u>	<u>24,498</u>
<b>Creditors:</b>			
Amounts falling due within one year	13	(7,683)	(22,547)
<b>Net current assets</b>		<u>15,103</u>	<u>1,951</u>
<b>Total assets less current liabilities</b>		<b>15,563</b>	<b>2,490</b>
Amounts falling due after one year	14	(12,763)	(102)
Provisions for liabilities	16	15	30
<b>Net assets</b>		<u><b>2,815</b></u>	<u><b>2,418</b></u>
<b>Capital and reserves</b>			
Called-up share capital	18	1	1
Profit and loss reserve	18	2,814	2,417
<b>Shareholder's funds</b>		<u><b>2,815</b></u>	<u><b>2,418</b></u>

The financial statements of Jena (UK) Limited, registered number 01097456, were approved by the Board of directors and signed by:

The notes on pages 14-27 form part of these financial statements.



D L Smith

Director

24th September, 2019

**Statement of changes in equity****As at 31 December 2018**

	<b>Called up share capital £'000</b>	<b>Profit and loss reserve £'000</b>	<b>Total £'000</b>
<b>At 1 January 2017</b>	1	2,394	2,395
Profit and total comprehensive expense for the year	-	23	23
<b>At 1 January 2018</b>	1	2,417	2,418
Profit and total comprehensive expense for the year	-	397	397
<b>At 31 December 2018</b>	1	2,814	2,815

The notes on pages 14-27 form part of these financial statements.

**Cash flow statement****For the year ended 31 December 2018**

	Note	2018 £000	2017 £000
Profit for the financial year		397	23
<b>Adjustments for:</b>			
Depreciation	6,10	79	87
Net interest charge	8	181	130
Taxation charge	9	134	9
(Increase)/decrease in stocks	11	(930)	212
Decrease in debtors	12	1,425	2,728
Decrease in creditors	13	(8,419)	(3,665)
Taxation paid	9	(44)	(4)
<b>Net cash flows from operating activities</b>		<b>(7,177)</b>	<b>(480)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	10	-	(111)
Loss on disposal of tangible fixed assets		-	202
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>91</b>
<b>Cash flows from financing activities</b>			
Interest paid		(181)	(9)
Increase in related party loans		6,182	1,645
Repayment of borrowings		(41)	-
<b>Net cash flows from financing activities</b>		<b>5,960</b>	<b>1,636</b>
<b>Net (decrease)/increase in cash</b>		<b>(1,217)</b>	<b>1,247</b>
<b>Cash at beginning of year</b>		<b>1,550</b>	<b>303</b>
Net (decrease)/increase in cash		(1,217)	1,247
<b>Cash and cash equivalents at end of year</b>		<b>333</b>	<b>1,550</b>

The notes on pages 14-27 form part of these financial statements.

## Notes to the Financial Statements

### For the year ended 31 December 2018

#### 1. ACCOUNTING POLICIES

##### Basis of accounting

Jena (UK) Limited is a private company incorporated in England under the Companies Act and is limited by shares. 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.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Jena (UK) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

##### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products; (b) the exchange rate between sterling, the euro and the US dollar and thus the consequence for the cost of the company's products for sale; and (c) the availability of finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. All turnover is derived from the company's principal activity within the United Kingdom. Turnover is recognised when the significant risks and rewards are considered to have been transferred to the buyer, which ultimately is the date at which the goods are dispatched and accepted by the end customer.

##### Tangible fixed assets and depreciation

Tangible fixed assets and other freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Buildings – leasehold improvements	Over period of lease
Plant and machinery	5% and 10% straight line
Vehicles	25% straight line
Fixtures, fittings and equipment	15% and 25% straight line

##### Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over either the period of the lease term or their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term even where payments are not made on such a basis.



## Notes to the Financial Statements (continued)

### Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current year or prior year.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

## Notes to the Financial Statements (continued)

### Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) *Equity instruments*

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## Notes to the Financial Statements (continued)

### Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### Stock

Stocks are stated at the lower of cost and net realisable value on a first in, first out basis. In respect of manufactured finished goods, cost includes all raw materials, consumables, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items, where appropriate.

##### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

##### Pension costs

The company operates a defined contribution retirement benefit scheme and contributes to individual pension arrangements for certain employees. The assets of such arrangements are held separately from those of the company. The pension cost charge represents contributions payable by the company in the period. Differences between the contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### Provisions

The company recognises provisions for onerous contracts, restructuring costs and other obligations which exist at the balance sheet date. These provisions are estimates and the actual cost and timing of future cash flows are dependent on future events. Management reassesses the amounts of these provisions at each balance sheet date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the balance sheet date. Any difference between the amounts previously recognised and the current estimates is recognised immediately in the profit and loss account.

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, 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.

Management do not consider there to be any material key sources of estimation uncertainty. 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 following critical judgement has been identified by the directors in the process of applying the company's accounting policies.

**Stock provision**

To ensure that adequate provision is made in the company's accounts for slow moving, damaged and obsolete stock the directors recognise specific provisions based on the age and category of stock held at the year end. At the year end the provision totalled £1,164,000 (2017: £866,000).

**3. TURNOVER – SEGMENTAL REPORTING**

Geographic analysis of sales by destination

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
UK	47,957	44,494
Rest of Europe	2,511	2,204
Asia	698	356
North and South America	404	524
	<u>51,570</u>	<u>47,578</u>

**4. EMPLOYEES**

<b>Number of employees</b>	<b>2018</b> <b>No.</b>	<b>2017</b> <b>No.</b>
Office and management	23	30
Production and sales	121	105
	<u>144</u>	<u>135</u>

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**4. EMPLOYEES (continued)**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Employment costs</b>		
Wages and salaries	3,369	3,365
Social security costs	311	308
Other pension costs	75	40
	<u>3,755</u>	<u>3,713</u>

**5. DIRECTORS' REMUNERATION**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Remuneration for qualifying services	105	190
Company pension contributions to defined contribution schemes	31	9
	<u>136</u>	<u>199</u>

The key management personnel are the same as the directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017: 2).

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation is stated after charging/(crediting):		
Cost of stock recognised as an expense	43,933	39,216
Depreciation of tangible fixed assets	79	87
Charitable donations	500	-
Profit on foreign exchange transactions	(247)	(77)
Operating lease rentals	466	488
Exceptional items	-	636
Auditor's remuneration:		
- audit of company financial statements	10	10
- non-audit services for tax compliance	3	3
	<u>43,933</u>	<u>39,216</u>

During the year the company incurred exceptional costs of £Nil (2017: £202,000) relating to loss on disposal of assets and £Nil (2017: £434,000) relating to stock losses.

**7. CHARITABLE DONATIONS**

During the year company made donations of £500,000 (2017: £Nil) to Euro Charity Trust, a charity registered in the United Kingdom.

**8. INTEREST PAYABLE/RECEIVABLE**

<b>Interest payable</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
On related party loans wholly repayable within one year	260	121
Hire purchase interest	4	9
	<u>264</u>	<u>130</u>
	<u>264</u>	<u>130</u>
 <b>Interest receivable</b>	 <b>2018</b>	 <b>2017</b>
	 <b>£'000</b>	 <b>£'000</b>
On related party loans wholly repayable within one year	82	-
Bank interest	1	-
	<u>83</u>	<u>-</u>
	<u>83</u>	<u>-</u>

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**9. TAXATION**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Current year tax</b>		
UK corporation tax	117	42
Adjustment for prior years	2	-
<b>Total current tax</b>	<u>119</u>	<u>42</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14)	(33)
Adjustment to previous years	29	-
<b>Total deferred tax</b>	<u>15</u>	<u>(33)</u>
<b>Total tax</b>	<u><u>134</u></u>	<u><u>9</u></u>
	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Factors affecting the tax credit for the year</b>		
Profit on ordinary activities before taxation	<u>531</u>	<u>32</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2017: 19.25%)	<u>101</u>	<u>6</u>
Effects of:		
Non-deductible expenses	2	1
Tax rate changes	-	2
Adjustments to previous years	<u>31</u>	<u>-</u>
	<u>33</u>	<u>3</u>
<b>Tax charge for the year</b>	<u><u>134</u></u>	<u><u>9</u></u>

In the current year, the main rate of UK corporation tax was 19.00%. Reduction in the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 have both been substantively enacted at the balance sheet date. Temporary differences have been measured using the substantively enacted rates that are expected to apply when the liability is settled or the asset realised.

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**10. TANGIBLE FIXED ASSETS**

	<b>Buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Vehicles £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2018	155	766	25	417	1,363
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2018	155	766	25	417	1,363
<b>Depreciation</b>					
At 1 January 2018	53	340	25	406	824
Charge for the year	16	55	-	8	79
Disposals	-	-	-	-	-
At 31 December 2018	69	395	25	414	902
<b>Net book value</b>					
At 31 December 2018	86	371	-	3	460
At 31 December 2017	102	426	-	11	539

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

	<b>2018 £'000</b>	<b>2017 £'000</b>
Plant & machinery	154	54

**11. STOCKS**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Raw materials and consumables	84	193
Finished goods and goods for resale	9,609	8,570
	9,693	8,763

There is no material difference between the balance sheet value of stocks and their replacement cost.



**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**12. DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	11,610	12,212
Amounts owed by related parties (note 20):	972	1,541
Prepayments and accrued income	178	432
	<u>12,760</u>	<u>14,185</u>

Trading balances due from related parties are repayable on demand, unsecured, subject to normal trading terms and do not attract interest. Loans due from related parties attract interest rates of 4.5%.

**13. CREDITORS: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to related parties (note 20):	2,462	17,379
Trade creditors	2,993	3,077
Corporation tax	117	42
Other taxes and social security costs	407	81
Amounts owed on finance leases	40	43
Accruals and other creditors	1,664	1,925
	<u>7,683</u>	<u>22,547</u>

Balances due to related parties consist of trading balances, all of which are unsecured, interest free and repayable on demand.

**14. CREDITORS: amounts falling due after one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed on finance leases	64	102
Amounts owed to related parties (note 20):	12,699	-
	<u>12,763</u>	<u>102</u>

Loans due to related parties are unsecured and attract interest at 4.5%.

**15. CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and on hand	<u>333</u>	<u>1,550</u>

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**16. PROVISIONS FOR LIABILITIES**

<b>Deferred tax (asset)/liability</b>	<b>£'000</b>	
Balance at 1 January 2018		(30)
Debited to the profit and loss account		15
		<u>(15)</u>
Balance at 31 December 2018		<u>(15)</u>
The deferred tax (asset)/liability is made up as follows:		
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	9	(21)
Short term timing differences	(24)	(9)
	<u>(15)</u>	<u>(30)</u>

**17. PENSION AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS**

**Defined contribution**

The company has a closed 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 by the company to the fund and to other private pension funds. The amount payable at the year end was £10,000 (2017: £4,000).

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Contributions by the company for the year	<u>75</u>	<u>40</u>

**18. SHARE CAPITAL AND RESERVES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>		
980 ordinary shares of £1 each	<u>1</u>	<u>1</u>

The company has one class of shares which carry no right to fixed income.

The company's other reserve is the profit and loss reserve, which represents cumulative profits or losses net of dividends paid and other adjustments.

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**19. FINANCIAL INSTRUMENTS**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Financial assets</b>		
Debt instruments measured at amortised cost		
• Trade and other debtors (see note 12)	11,610	12,212
• Amounts due from related parties (see note 12)	972	1,541
Cash and cash equivalents	333	1,550
	<u>12,915</u>	<u>15,303</u>
<b>Financial liabilities</b>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Measured at amortised cost		
• Trade creditors (see note 13)	2,993	3,077
• Amounts owed to related parties (see notes 13 and 14)	15,161	17,379
	<u>18,154</u>	<u>20,456</u>

**20. RELATED PARTY TRANSACTIONS**

As at the year end there were amounts owing to Euro Packaging Jersey Limited, the immediate parent company, of £15,000 (2017: £6,535,000).

As at the year end there were loans owing to Euro Property Investments Limited of £12,699,000 (2017: £Nil). The loans attract interest at 4.5%.

As at the year end the balance owing from Coppice Alupack Limited was £600,000 (2017: £1,000,000). The loan bears interest at 4.5%.

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**20. RELATED PARTY TRANSACTIONS (continued)**

During the year, the company purchased goods in the ordinary course of business from companies related through ultimately common shareholders. The transactions and balances at year end are as follows:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Purchases</b>	<b>Creditors</b>	<b>Purchases</b>	<b>Creditors</b>
Euro Packaging UK Ltd	6,454	492	8,079	7,424
Coppice Alupack Ltd	5,431	240	4,589	1,094
Euro Property Investments Ltd	-	17	-	-
A P Burt & Sons Ltd	72	8	14	3
EP Suisse Sarl	-	57	-	75
Euro Nature Green SDN BHD	5,997	1,628	6,829	2,247
	<b>17,954</b>	<b>2,442</b>	<b>19,511</b>	<b>10,843</b>

During the year, the company sold goods in the ordinary course of business to companies related through ultimately common shareholders. The transactions and balances at year end are as follows:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Sales</b>	<b>Debtors</b>	<b>Sales</b>	<b>Debtors</b>
Euro Packaging UK Ltd	461	71	641	484
Coppice Alupack Ltd	178	33	173	53
A P Burt & Sons Ltd	220	264	-	-
	<b>859</b>	<b>368</b>	<b>814</b>	<b>537</b>

The company made charitable donations of £500,000 (2017: £Nil) during the year, to Euro Charity Trust, a charity registered in the UK.

The company paid rents to Euro Property Investments Limited, a related company through ultimately common ownership, totalling £416,000 (2017: £416,000) in the year.

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2018**

**21. ULTIMATE CONTROLLING PARTY**

The parent company and controlling party is Euro Packaging Jersey Limited, a company registered in Jersey whose registered office address is 2<sup>nd</sup> Floor, Gaspé House, 66-72 Esplanade, Saint Helier, Jersey JE2 3QT. The ultimate controlling parties are Afzal Majid Alimahomed and Shabir Majid Alimahomed, each owning 50% of the share capital of Euro Packaging Jersey Limited.