Wipak UK Limited

Annual report and financial statements

Registered number 01251293

For the year ended 31 December 2016

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Strategic report

Review of Business

The Directors are pleased to report a profit £354,000 (2015: £847,000) on a turnover of £20,205,000 (2015: £20,104,000). This represents an increase in sales of 0.5% and returned the Company to growth following the conscious decision to trade out of significant loss making business in 2014.

The strategy for the development of new business generated through innovative, differentiated and sustainable market offerings has resulted in growth in new market sectors thus reducing the Companies exposure to changing market conditions.

The targets for 2016 were challenging against the backdrop of increasing raw material costs, mainly due to the impact of falling exchange rate.

However, the continued focus on Operational Excellence, concentrating on H&S, Quality, Productivity and Waste will ensure that these challenges are met going forward.

The Directors are therefore confident that future targets and sustained growth can be achieved.

The commercial risks that face the business are those that affect the sectors our customers operate in, namely perishable food and medical devices.

Principal risks and uncertainties

The financial risks of the Company and their management are described below.

Price risk

The Company is exposed to price risk on its raw material purchases.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the company. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit, using information supplied by independent rating agencies where available. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Cash flow and liquidity risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they fall due. The company ensures that there are sufficient levels of committed facilities, cash and cash equivalents to ensure that the company is, at all times, able to meet its financial commitments. Liquidity risk is managed by continuous monitoring of forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The Company has no significant interest bearing assets and consequently, its income and cash flows are largely independent of changes in market interest rates. The credit facility from the parent company has interest charged at a floating rate therefore the company is exposed to interest rate risk.

Outlook for 2017

Despite continually challenging market conditions the directors are hopeful of continued progress.

By order of the board

A. Newbold

A Newbold
Director

29 September 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activities

The principal activities of the company during the year continued to be the sale, distribution and manufacture of packing materials.

Dividends and transfers to reserves

The directors paid a dividend of £900,000 *(2015: £1,300,000)* during the period. The retained profit for the financial year of £354,000 *(2015: £847,000)* will be transferred to reserves.

Directors

The directors who served during the year were as follows:

A Aarnio-Wihuri (Chairman)	
P Wolstenholme	(resigned 31 March 2016)
JM Hellgren	
MH Aarnio-Wihuri	
S Gutheil	
A Newbold	(appointed 1 April 2016)

Donations

The company made charitable donations amounting to £100 *(2015: £100)* in the year.

Financial instruments

The company uses financial instruments including cash and borrowings, the main purpose of which are to raise finance for the company's activities. It is the company's policy not to enter into trading of a speculative nature in respect of financial instruments.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the board

A. Newbold

A Newbold
Director

3 Buttington Business Park
Welshpool
Powys
SY21 8SL

29 September 2017

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Wipak UK Limited

We have audited the financial statements of Wipak UK Limited for the year ended 31 December 2016 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Andrew Cawthray

Andrew Cawthray (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 September 2017

Profit and loss account
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	2	**20,205**	20,104
Cost of sales		**(17,211)**	(16,829)
Gross profit		**2,994**	3,275
Distribution costs		**(856)**	(1,000)
Administrative expenses		**(1,596)**	(1,122)
Operating profit		**542**	1,153
Gain on the fair value measurement of an investment	9	**52**	36
Interest payable and similar expenses	6	**(130)**	(111)
Profit before taxation	3	**464**	1,078
Tax on profit	7	**(110)**	(231)
Profit for the financial year	18	**354**	847

The company has no recognised gains and losses other than those included above and therefore no separate statement of other comprehensive income has been presented.

All results arise from continuing activities.

Balance sheet
at 31 December 2016

	Note	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	8		6,761		7,165
Investments	9		274		222
			7,035		7,387
Current assets					
Stocks	10	2,535		1,424	
Debtors	11	3,853		3,584	
Cash at bank and in hand		1,352		969	
		7,740		5,977	
Creditors: Amounts falling due within one year	12	(8,120)		(5,767)	
Net current (liabilities)/assets			(380)		210
Total assets less current liabilities			6,655		7,597
Creditors: Amounts falling due after more than one year	13		(2,126)		(2,483)
Provisions for liabilities	16		(449)		(488)
Net assets			4,080		4,626
Capital and reserves					
Called up share capital	17		3,500		3,500
Profit and loss account	18		580		1,126
Shareholders' funds			4,080		4,626

These financial statements were approved by the board of directors on 29 September 2017 and were signed on its behalf by:

A Newbold

A Newbold
Director

Company number: 1251293

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	3.500	1,579	5,079
Total comprehensive income for the period			
Profit or loss	-	847	847
Total comprehensive income for the period	3,500	2,426	5,926
Dividends	-	(1,300)	(1,300)
Total contributions by and distributions to owners	-	(1,300)	(1,300)
Balance at 31 December 2015	**3,500**	**1,126**	**4,626**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	3,500	1,126	4,626
Total comprehensive income for the period			
Profit or loss	-	354	354
Total comprehensive income for the period	3,500	1,480	4,980
Dividends	-	(900)	(900)
Total contributions by and distributions to owners	-	(900)	(900)
Balance at 31 December 2016	**3,500**	**580**	**4,080**

Notes

(forming part of the financial statements)

1 Accounting policies

Wipak UK Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 1251293 and the registered address is 3 Buttington Cross Enterprise Park, Buttington, Welshpool, Powys SY21 8SSL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Wihuri Oy includes the Company in its consolidated financial statements. The consolidated financial statements of Wihuri Oy are available to the public and may be obtained from The Secretary, Wihuri Oy, PO Box 45, Fin-15561, Nastola, Finland. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

1.2 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 Directors' report.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £380,000, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Wihuri Packaging Oy the Company's ultimate parent undertaking, Wihuri Oy has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result in the basis of preparation being inappropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measure at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 20 years
- Plant and equipment 3 – 10 years
- Motor vehicles 4 years
- Fixtures and fittings 5 years
- Computer equipment 3 years

1.8 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Where necessary, provision is made for obsolete, slow-moving and defective stock. Customer owned stocks are held on consignment for re-working.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.13 Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met are not provided for. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

The analysis by geographical area of the company's turnover is set out below:

	2016 £000	2015 £000
UK and Ireland	**18,550**	18,484
Europe	**1,655**	1,620
	20,205	20,104

Notes *(continued)*

3 Expenses and auditor's remuneration

	2016 £000	2015 £000
Included in profit/loss are the following:		
Depreciation of owned tangible fixed assets	1,157	922
Operating lease rentals – other	133	140
Amortisation of government grant	(8)	(3)
Auditor's remuneration:		
Audit of financial statements	21	20
Amounts receivable by the company's auditor and its associates in respect of:		
Other audit related services	-	6
Other services relating to taxation	7	4

4 Remuneration of directors

	2016 £000	2015 £000
Directors emoluments	195	104
Company pension contribution to defined contribution scheme	5	5
	200	109

Retirement benefits are accruing to two directors under a defined contribution scheme *(2015: one)*. Other than A Newbold and P Wolstenholme, all of the directors who served during the year are all directors of the parent company. These directors received no remuneration for their services to the company as the service they provide to Wipak UK Limited are incidental to the management roles they fulfil for the Wihuri Oy Group.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2016	2015
Production	59	61
Management and administration	39	32
	98	93

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	2,682	2,537
Social security costs	261	268
Other pension costs	77	79
	3,020	2,884

Notes *(continued)*

6 Interest payable and similar expenses

	2016 £000	2015 £000
Other loans from group undertakings	130	111

7 Taxation

Analysis of charge in year

	2016 £000	£000	2015 £000	£000
Current tax				
Current tax on income for the year	147		141	
Adjustments in respect of prior years	2		39	
Total current tax		149		180
Deferred tax (see note 16)				
Origination of timing differences	(12)		94	
Effect of tax rate changes	(27)		(43)	
Total deferred tax		(39)		51
Total tax		110		231

All of the above tax charges/(credits) have been recognised in the profit and loss account.

Reconciliation of effective tax rate

The tax charge for the year is higher *(2015: higher)* than the standard rate of corporation tax in the UK of 20.00% *(2015: 20.25%)*. The differences are explained below:

	2016 £000	2015 £000
Profit for the year	354	847
Total tax expense excluding taxation	110	231
	464	1,078
Tax using the UK corporation tax rate of 20% *(2015: 20.25%)*	93	218
Effects of:		
Expenses not deductible for tax purposes	12	4
Depreciation on ineligibles	30	27
Effect of difference in tax rate between current tax and deferred tax	-	(12)
Adjustments in respect of prior years	2	39
Income not taxable	-	(2)
Effect of change in tax rate on deferred tax balances	(27)	(43)
Total tax charge (see above)	110	231

Notes *(continued)*

7 Taxation *(continued)*

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

8 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings and computer equipment	Plant and equipment	Assets in course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	2,773	728	7,629	2,398	13,528
Additions	184	131	297	141	753
Disposals	-	-	-	-	-
Transfers			2,023	(2,023)	-
At end of year	2,957	859	9,949	516	14,281
Depreciation					
At beginning of year	1,289	579	4,495	-	6,363
Charge for year	147	126	884	-	1,157
Disposals	-	-	-	-	-
At end of year	1,436	705	5,379	-	7,520
Net book value					
At 31 December 2016	**1,521**	**154**	**4,570**	**516**	**6,761**
At 31 December 2015	1,484	149	3,134	2,398	7,165

Freehold land and buildings includes land at cost of £210,000 *(2015: £210,000)* which is not depreciated.

9 Fixed asset investments

	2016	2015
	£000	£000
Financial assets designated as fair value through profit or loss	**274**	222

The financial asset relates to a 1% shareholding of 10,000 shares in fellow group company Winpak Limited, which are registered on the Toronto Stock Exchange. The carrying value at each reporting date is the stock price listing per the Toronto Stock Exchange.

Notes *(continued)*

10 Stocks

	2016	2015
	£000	£000
Raw materials for production and resale	**1,800**	901
Finished goods and goods for resale	**735**	523
	2,535	1,424

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £12,168,842 *(2015: £12,623,000)*. The write-down of stocks to net realisable value amounted to £72,000 *(2015: £61,000)* and were included within cost of sales. There were no reversals of write-downs in 2016 or 2015.

The replacement cost of stocks is not materially different from the value stated above.

11 Debtors

	2016	2015
	£000	£000
Trade debtors	**3,311**	2,845
Amounts owed by fellow subsidiary undertakings	**67**	53
Prepayments and accrued income	**475**	591
Corporation tax recoverable	**-**	95
	3,853	3,584

12 Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	**2,076**	1,502
Amounts owed to group undertakings:		
Parent company	**4,368**	2,900
Fellow subsidiary undertakings	**750**	580
Corporation tax payable	**23**	-
Other taxation and social security	**660**	598
Accruals and deferred income	**243**	187
	8,120	5,767

The company continues to receive the support of its ultimate parent company via a credit facility granted to it. Interest is charged at 1.2% above EURIBOR.

Notes *(continued)*

13 Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Long term group loan	**2,100**	2,450
Accruals and deferred income	**26**	33
	2,126	2,483

Included within accruals and deferred income are capital based government grants to be credited to the profit and loss account after more than five years of £27,880 *(2015: £30,420).*

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £000	2015 £000
Creditors falling due more than one year		
Loans from group undertakings	**2,100**	2,450
	2,100	2,450
Creditors falling due within less than one year		
Loans from group undertakings	**4,368**	2,900
	4,368	2,900

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	< 1 year	>1 year	2016 £000	2015 £000
Intercompany revolving credit facility	GBP	EURIBOR+2%	2017	Facility expires in 2017	3,967	-	**3,967**	2,550
Intercompany term loan	GBP	EURIBOR+3%	2018	£350,000 per annum	401	2,100	**2,501**	2,800
					4,368	**2,100**	**6,468**	5,350

Notes *(continued)*

15 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016 £000	2015 £000
Assets measured at fair value through profit or loss	274	222
Assets measured at amortised cost	3,853	3,584
Liabilities (excluding loan commitments) measured at amortised cost less impairment	3,778	2,900
Loan commitments measured at amortised cost less impairment	6,468	5,350

Financial instruments measured at fair value

Investments in debt and equity securities

The fair value of shares held in Winpak Limited, is determined by reference to their quoted bid price at the balance sheet date.

None of the change in fair value of this financial asset was attributable to the credit risk of Wipak UK Limited.

Fair values

There is no difference between the carrying value or fair value.

16 Deferred taxation

	£000
At beginning of year	488
Debit to the profit and loss for the year (note 7)	(39)
At end of year	449

The elements of deferred taxation liability are as follows:

	2016 £000	2015 £000
Difference between accumulated depreciation and amortisation and capital allowances	406	449
Financial assets	43	39
	449	488

17 Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	3,500	3,500

Notes *(continued)*

18 Profit and loss account

	£000
At beginning of year	1,126
Retained profit for the financial year	354
Dividend paid	(900)
At end of year	580

19 Operating leases

Non-cancellable operating leases rental are payable as follows:

	2016 £000	2015 £000
Less than one year	**225**	139
Between one and five years	**337**	180
	562	319

During the year £133,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2015: £140,000).*

20 Capital commitments

There were capital commitments at the year end of £Nil *(2015: £Nil).*

21 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account in the year they are incurred.

Total pension charge for the year was £77,000. *(2015: £79,000)*, wholly in respect of contributions to the defined contribution scheme. Outstanding contributions at the end of the financial year were £14,862 *(2015: £11,062).*

22 Related parties

Identity of related parties with which the Company has transacted

Wipak UK Limited's related parties consist solely of other wholly owned members of the Wihuri Packaging Oy Group. During the year Wipak UK Limited made sales to and purchases from other Group companies on an arms-length basis. Wipak UK Limited also has year-end debtor and creditor balances in relation to these other Group companies.

Wipak UK Limited also has a year-end creditor in relation to a revolving credit facility and a term loan held with its immediate parent company Whiuri Packaging Oy.

Other related party transactions

	Sales to		**Purchases from**	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Entities with control, joint control or significant influence (subject to wholly owned exemption)	**549**	349	**5,853**	9,258
	549	349	**5,853**	9,258

Notes *(continued)*

22 Related parties *(continued)*

	Receivables outstanding 2016 £000	2015 £000	Creditors outstanding 2016 £000	2015 £000
Entities with control, joint control or significant influence (subject to wholly owned exemption)	**67**	53	**750**	580

23 Parent undertaking

The company's immediate parent company at 31 December 2016 is W-Packaging Oy, a company incorporated in Finland.

At 31 December 2016, the directors regard Wihuri Oy, a company incorporated in Finland as the ultimate parent company. The largest group in which the results of the company are consolidated is that headed by Wihuri Oy. Copies of these consolidated financial statements may be obtained from:

The Secretary
Wihuri Oy
PO Box 45
Fin-15561
Nastola
Finland

24 Controlling party

The directors regard A Aarnio-Wihuri, the chairman, as the controlling party by virtue of his controlling interest in the ultimate parent company's equity capital.

25 Accounting estimates and judgements

Key sources of estimation uncertainty

Inventories

There is an element of estimation uncertainty with regards to valuation of inventories at the year-end due to risk of overvaluation due to obsolescence or damage. As disclosed on the balance sheet and in more detail with note 10, the net inventory balance after accounting for the obsolescence provision is £2,535,000. The total provision made against the year-end inventory balance is £72,000 and has been calculated in accordance with the policy prescribed by the Wihuri Packaging Oy Group.