Company Registration No. 02066785 (England and Wales)

MIRAMAR INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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MIRAMAR INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	R Coventry H P McNeill A Smurfit
Secretary	N Pritchard
Company number	02066785
Registered office	Cunard Buildings Water Street Pier Head Liverpool L3 1SF
Auditor	KPMG LLP Chartered Accountants and Statutory Auditors 8 Princes Parade Liverpool Merseyside, L3 1QH
Business address	Unit 4, Blackwater Park Holder Road Aldershot Hampshire GU12 4PQ
Bankers	Bank of Scotland plc 144/148 High Street Southampton Hampshire SO14 2JF
Solicitors	Paris Smith LLP 1 London Road Southampton Hampshire SO15 2AE

MIRAMAR INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The Directors consider the results of the past year to be satisfactory. The productive capacity of the business was enhanced with an addition to gross Plant and Machinery fixed assets of £188,000 (2017: £626,873). The trade, assets and liabilities of the company were hived up to Smurfit Kappa UK Limited on 1st January 2019.

Principal risks and uncertainties

The principal risk exposures of the business are to the macro-economic environment, unrecoverable cyclical raw material cost increases and any loss of significant custom. The company has programmes and policies in place to attenuate the effects of any such risks.

The company is aware that the current economic climate could be adversely affected by Brexit or changes in free trade agreements. An internal working group has been established to review all aspects of the company's operations. The committee is considering the potential impact of market access rights, the impact of strategy and operations and increases in import costs. Management continue to monitor developments and put in place measures to mitigate the risks.

The company finances its operations through a mixture of retained profits and, where necessary, to fund the expansion or capital expenditure programmes, through intercompany borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

The company has no net bank borrowings.

The company also faces credit risk for which comprehensive trade credit protection insurance is in place. In terms of pricing risk it is the company's policy to recover any significant raw material price increases through parallel selling price increases within approximately a month of the related raw material price increase.

Key performance indicators

The Directors use revenue growth, profit growth and cost base to monitor the business. For the 12 month period sales were up by 1.17% (2017: up by 12%). Gross profit was down by 12.2% (2017: up by 5.8%). This is mainly attributable to the market for containerboard remaining tight, leading to an increase in the price of raw materials. On the same basis, the aggregate of Distribution costs and Administrative expenses were down by 3.2% compared to the previous period (2017: up by 4%).

Future developments

On 1st January 2019 the trade, assets and liabilities of the company were hived up to Smurfit Kappa UK Limited. The company expects to be dormant for the foreseeable future and will eventually be struck off.

On behalf of the board

R. Coventry

R Coventry

Director

05/12/2019

MIRAMAR INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities
During the year ended 31 December 2018 the company's principal activity was the manufacture, sale and distribution of packaging materials. However, on 1 January 2019 the directors took the decision to cease trading following the hive up of the trade, assets and liabilities of the company to Smurfit Kappa UK Limited. As the directors do not intend to acquire a replacement trade and intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

F Eliet (resigned 21st May 2019)
R Coventry (appointed 1st August 2019)
C Bowers (resigned 31st July 2019)
H P McNeill
A Smurfit

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor
KPMG LLP were appointed as auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Strategic Report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R. Coventry
....
R Coventry
Director

Date: 05/12/2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 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, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRAMAR INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Miramar Investments Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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 MIRAMAR INVESTMENTS LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Carla Kennaugh

Carla Kennaugh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

5th December 2019

MIRAMAR INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	22,071	19,467
Cost of sales		(16,956)	(14,494)
Gross profit		5,115	4,973
Distribution costs		(1,550)	(354)
Administrative expenses		(2,701)	(3,263)
Operating profit	6	864	1,356
Interest payable and similar expenses	7	(66)	(94)
Profit before taxation		798	1,262
Tax on profit	8	(74)	77
Profit for the financial year		724	1,339

There is no other comprehensive income other than that disclosed above and therefore a separate statement of other comprehensive income has not been presented.

Company Registration No. 02066785

MIRAMAR INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Goodwill	10		681		915
Tangible assets	9		3,329		4,931
Net deferred tax assets	11		14		-
			4,024		5,846
Current assets					
Stocks	12	578		581	
Debtors	13	6,064		3,691	
Cash at bank and in hand		28		1,328	
		6,670		5,600	
Creditors: amounts falling due within one year	14	(2,712)		(3,457)	
Net current assets			3,958		2,143
Total assets less current liabilities			7,982		7,989
Creditors: amounts falling due after more than one year	15		(602)		(816)
Provisions for liabilities	17		-		(517)
Net assets			7,380		6,656
Capital and reserves					
Called up share capital	19		181		181
Share premium account	20		548		548
Capital redemption reserve	20		185		185
Profit and loss reserves	20		6,466		5,742
Total equity			7,380		6,656

The financial statements were approved by the board of directors and authorised for issue on 5th December 2019 and are signed on its behalf by:

R Coventry

R Coventry
Director

MIRAMAR INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	181	548	185	4,403	5,317
Year ended 31 December 2017:					
Profit and total comprehensive income for the year	-	-	-	1,339	1,339
Balance at 31 December 2017	181	548	185	5,742	6,656
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	724	724
Balance at 31 December 2018	181	548	185	6,466	7,380

1 Accounting policies

Company information

Miramar Investments Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cunard Buildings, Water Street, Pier Head, Liverpool, L3 1SF. The principal place of business is Unit 4, Blackwater Park, Holder Road, Aldershot, Hampshire, GU12 4PQ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with Section 1 'Scope' of FRS 102, the Company has taken advantage of the exemptions available to qualifying entities from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of its ultimate parent undertaking, Smurfit Kappa Group PLC. The consolidated financial statements of Smurfit Kappa Group PLC are available from its registered office: Beech Hill, Clonskeagh, Dublin 4, Ireland; or from their website www.smurfitkappa.com.

Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, on 1 January 2019 the directors took the decision to cease trading following the hive up of the trade, assets and liabilities of the company to Smurfit Kappa UK Limited. Accordingly the directors have not prepared the financial statements on a going concern basis. This has not resulted in any material difference to the value of any assets and liabilities as at 31 December 2018.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1 Accounting policies (Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of the goods to the customer), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill
Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the life of the lease
Plant and machinery	5 to 10 years straight line
Office equipment	3 to 10 years straight line and 15% reducing balance
Motor vehicles	3 to 5 years straight line and 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Stocks
Inventories are stated at net realisable value less margin. Cost includes direct costs of raw materials and direct labour plus applicable factory and other relevant overheads. Net realisable value is the actual or estimated selling price less all applicable costs incurred or likely to be incurred in the realisation of such selling price. Full provision is made for all damaged, deteriorated, obsolete and unusable materials. Engineering spares are valued at cost and fully provided for if not used within 2 years

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, amounts due to group undertakings, obligations under finance leases and bank loans and overdrafts, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1 **Accounting policies (Continued)**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Categorisation of lease agreements

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of packaging materials	22,071	19,467

Turnover analysed by geographical market

	2018	2017
	£	£
United Kingdom	22,071	19,467

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Production staff	107	100
Management and administrative staff	6	6
Sales staff	23	23
	136	129

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	3,619	3,318
Social security costs	309	300
Pension costs	120	99
	4,048	3,717

5 Directors' remuneration

	2018 £'000	2017 £'000
Remuneration for qualifying services	202	198
Company pension contributions to defined contribution schemes	-	2
	202	200

During the year the directors, who are also directors of other group companies, received no emoluments in respect of their services as directors of the company.

6 Operating profit

Operating profit for the year is stated after charging/(crediting):	2018 £'000	2017 £'000
Exchange losses/(gains)	-	4
Fees payable to the company's auditor for the audit of the company's financial statements	30	25
Depreciation of owned tangible fixed assets	1,648	695
Depreciation of tangible fixed assets held under finance leases	142	457
Profit/(loss) on disposal of tangible fixed assets	29	(41)
Amortisation of intangible assets	234	245
Cost of stocks recognised as an expense	10,351	11,229
Operating lease charges – land and buildings	464	521
– motor vehicles	30	-

7 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest on bank overdrafts and loans	-	12
Interest on finance leases and hire purchase contracts	66	78
Other interest	-	4
	66	94

8 Taxation

	2018 £'000	2017 £'000
Current tax		
UK corporation tax on profits for the current period	245	-
Adjustments in respect of prior periods	-	(24)
Total current tax	245	(24)
Deferred tax		
Origination and reversal of timing differences	(164)	(35)
Impact of change in tax rate	(3)	-
Adjustment in respect of prior periods	(4)	(18)
Total deferred tax	(171)	(53)
Total tax charge/(credit)	74	(77)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	798	1,262
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	152	243
Group relief	(55)	(249)
Other permanent differences	(30)	(17)
Under/(over) provided in prior years	-	(24)
Impact of change in tax rate	(3)	-
Deferred tax adjustments in respect of prior years	(4)	(18)
Adjust deferred tax to average rate	14	(12)
Taxation (credit)/charge for the year	74	(77)

9 Tangible fixed assets

	Leasehold Improvements	Assets under construction	Plant and machinery	Office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2018	1,155	362	6,853	761	1,705	10,836
Additions	35	145	8	-	-	188
Disposals	(16)	-	(232)	-	-	(248)
At 31 December 2018	1,174	507	6,629	761	1,705	10,776
Depreciation and impairment						
At 1 January 2018	488	-	3,941	629	847	5,905
Depreciation charged in the year	126	-	1,664	-	-	1,790
Eliminated in respect of disposals	(16)	-	(232)	-	-	(248)
At 31 December 2018	598	-	5,373	629	847	7,447
Carrying amount						
At 31 December 2018	576	507	1,256	132	858	3,329
At 31 December 2017	667	362	2,912	132	858	4,931

The net carrying amount of assets held under finance lease included in plant and machinery is £182,000 (2017: £1,921,000).

10 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2017 and 31 December 2018	4,677
Amortisation and impairment	
At 1 January 2018	3,762
Amortisation charged for the year	234
At 31 December 2018	3,996
Carrying amount	
At 31 December 2018	681
At 31 December 2017	915

Amortisation is charged to administrative expenses.

11 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018	2017
Balances:	£'000	£'000
Accelerated capital allowances (asset)/liability	(14)	157

	2018
Movements in the year:	£
Liability at 1 January 2018	157
Credit to profit or loss	(171)
Asset at 31 December 2018	(14)

12 Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	71	140
Finished goods and goods for resale	507	441
	578	581

Stocks have not been impaired in the current or prior year.
Raw materials, consumables and changes in finished goods recognised in cost of sales in the year amounted to £10,351,000 (2017: £9,595,000).

13 Debtors

Amounts falling due within one year:	2018 £'000	2017 £'000
Trade debtors	3,431	3,303
Other debtors	-	4
Amounts due from group undertakings	2,408	-
Prepayments and accrued income	225	384
	6,064	3,691

Loans to group undertakings do not bear interest. Loans are unsecured and have no fixed terms for repayment and so are considered repayable on demand.

14 Creditors: amounts falling due within one year

	Notes	2018 £'000	2017 £'000
Obligations under finance leases	16	165	471
Trade creditors		616	576
Amounts due to group undertakings		1,045	1,498
Corporation tax		245	208
Other taxation and social security		281	268
Other creditors		-	156
Accruals and deferred income		360	280
		2,712	3,457

Obligations under finance leases are secured against the assets to which they relate. Loans from group undertakings do not bear interest. Loans are unsecured and have no fixed terms for repayment and so are considered repayable on demand, however the directors consider it unlikely that payment will be demanded.

15 Creditors: amounts falling due after more than one year

	Notes	2018 £'000	2017 £'000
Obligations under finance leases	16	348	562
Accruals and deferred income		254	254
		602	816

16 Finance lease obligations

Future minimum lease payments due under finance leases:	2018 £	2017 £
Less than one year	188	535
Between one and five years	360	603
	548	1,138
Less: future finance charges	(35)	(105)
	513	1,033

17 Provisions for liabilities

	Notes	2018 £'000	2017 £'000
Dilapidation provision		-	360
Deferred tax liabilities	11	-	157
		-	517

The dilapidation provision was transferred to Smurfit Kappa UK Limited in the year.

18 Retirement benefit schemes

	2018	2017
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	120	99

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2018	2017
	£'000	**£'000**
Ordinary share capital		
Issued and fully paid		
48,804 Ordinary shares of £1 each	49	49
62,226 'A' Ordinary shares of £1 each	62	62
8,134 'B' Ordinary shares of £1 each	8	8
62,226 'C' Ordinary shares of £1 each	62	62
	181	181

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. All classes of ordinary share rank equally in all respects.

20 Reserves

Share premium
The share premium reserve represents consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve
The capital redemption reserve represents amounts reserved in accordance with section 733 of the Companies Act 2006 relating to the cancellation of shares.

Profit and loss reserves
The profit and loss reserve represents cumulative profit and loss net of distributions to owners.

21 Operating lease commitments

Lessee

Non-cancellable operating leases are payable as follows:

	2018	2017
	£	£
Within one year	516	507
Between one and five years	1,935	2,018
In over five years	468	796
	2,919	3,321

During the year £494,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £521,000).

22 Post balance sheet events

On 1st January 2019, the trade, assets and liabilities of the company were hived up into Smurfit Kappa UK Limited.

23 Controlling party

Miramar Investments (Holdings) Limited (registered office: Cunard Buildings, Water Street, Pier Head, Liverpool, L3 1SF) is the immediate parent company.

The directors regard Smurfit Kappa Group plc (registered office: Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Republic of Ireland) to be the company's ultimate parent undertaking by virtue of its 100% controlling interest in Miramar Investments (Holdings) Limited.

Smurfit Kappa Group plc heads the smallest and largest group for which consolidated financial statements including the results of the company are prepared. Copies of the consolidated financial statements are available from the group website: www.smurfitkappa.com.