

Checkpoint Apparel Label Solutions Limited

Annual report and financial statements

Registered number 02412707

31 December 2020



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Directors and Advisors

Directors

M Beckram
J Robinson
K Mormech

Registered Office

Suite 76-81 Pure Offices
Sherwood Park
Lake View Drive
Nottingham,
NG15 0DT

Independent Auditors

KPMG LLP (UK)
Chartered Accountants and Statutory Auditors
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Banker

Royal Bank of Scotland plc
3rd Floor
2 Whitehall Quay
Leeds
LS1 4HR

Barclays Bank PLC
Unit 1 Meadowbank Way,
Eastwood Nottingham
NG16 3SB

Strategic report

The Directors present their strategic report on the Company for the year ended 31 December 2020.

Review of the business

Checkpoint Apparel Label Solutions Limited change its registered name from ADS Worldwide Limited to Checkpoint Apparel Label Solutions Limited on 29th May 2019.

The principal activity of the Company is that of a management Company for the UK operations of Checkpoint Systems Inc. global apparel labelling business as well as a holding Company aiming to hold investments in the corporate structure of Checkpoint Systems Inc.

Key strategic decisions which could impact the future investments made by the Company are made by the Directors in conjunction with the CCL industries leadership based in Canada.

The Checkpoint Apparel Label Solutions (ALS) office in Nottingham is a Sales office. The main customers are Sainsburys, Arcadia, Debenhams and George. Production, shipping, and invoicing is performed by the manufacturing sites (Asia). There is an element of UK invoicing which for the year ended 31 December 2020 was £61k. The revenue from sale of goods also reflects a £50k rebate accrual that relates to pre-acquisition sales made in ADS. Global sales for UK accounts is CAD 13.5M. Revenue from services represents the recharge of sales and marketing expenses on a quarterly basis to the Netherlands, including a 5% mark-up.

The Directors consider the level of business and the financial position of the balance sheet at the year-end to be satisfactory. It is expected that the current level of activity will be maintained for the foreseeable future. In 2021, domestic Sales are budgeted at £60K and global Sales for UK accounts CAD 20M mainly due to the loss of account with Debenhams. Due to COVID-19 the forecasted Sales for 2021 is CAD 18.8M, but the outlook for 2022 is more optimistic; CAD 20M sales which includes the Tesco RFID-project.

Key Performance Indicators

Due to the position of the Company within its parent undertakings group and its responsibility to support the UK operations of the global apparel labelling business, the Directors' key performance indicator is based on administrative cost control, which amounts to £781 thousand (2019: £378 thousand). Costs are budgeted annually and re-forecast quarterly and the local management along with the line of business management team measure actual results on a monthly basis against both these standards. If corrective action is required, then plans are put in place immediately to remediate any deviations from the agreed plans. In addition, the parent undertaking performs quarterly reviews into these measures and seeks explanations and corrective actions if needed.

Principal Risks and Uncertainties

The Company's operations do not expose it to a variety of financial risks; however, the Company has in place a liquidity risk management programme that the Company, as part of a larger group, actively maintains an appropriate level of group debt finance that is designed to ensure the Company has sufficient available funds for operations.

The Brexit result has been considered and there are no significant impacts of Britain's exit from the European Union on the Company.

As stated in the review of the business, all production of labels and tags occur in Turkey, China, and India where the invoicing takes places as well, and revenue and profits are recognised. The sales cost made in the UK is allocated to those locations on a quarterly basis and this is the revenue obtained by ALS. The relation between ALS and its subsidiaries are covered by the corresponding Double Taxation Treaty (DTT). Due to the above, there is a minimal impact of Brexit because European Law has not been applicable and the DTT's will remain unchanged.

Strategic report (Continued)

On behalf of the Board



M Beckram
Director

Suite 76-81 Pure Offices
Sherwood Park
Lake View Drive
Nottingham, NG15 ODT
2 August 2021

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the financial year ended 31 December 2020.

Going concern

Based on the 12 months cash flow forecasts of these financial statements prepared by the Directors, and taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

Results and dividends

The results for the year are shown in the profit and loss account on page 10.

The Directors paid a dividend amounting to £1,600K (2019: *£nil*) to the parent Company.

Directors

The Directors of the Company who held office during the financial period and up to the date of signing the financial statements were:

M Beckram
J Robinson
K Mornech

Political Contributions

The Company made no political contributions on incurred any political expenditure during the year.

Statement of disclosure of information to auditors

The Directors who held office at the date of approval of the 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
- They have taken all the steps that they ought to have taken as Directors in order 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 reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



M Beckram
Director

Suite 76-81 Pure Offices
Sherwood Park
Lake View Drive
Nottingham, NG15 0DT
2 August 2021

Statement of Directors' responsibilities in respect of the strategic report, the Director's 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.

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 auditors' report to the members of Checkpoint Apparel Label Solutions Limited (formerly ADS Worldwide Limited)

Opinion

We have audited the financial statements of Checkpoint Apparel Label Solutions Limited ("the Company") for the year ended 31 December 2020 which comprise the profit and loss account and other comprehensive income, the balance sheet, the 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 2020 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.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditors' report to the members of Checkpoint Apparel Label Solutions Limited (formerly ADS Worldwide Limited) (Continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, including unexpected entries made to revenue and cash.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent auditors' report to the members of Checkpoint Apparel Label Solutions Limited (formerly ADS Worldwide Limited (Continued))

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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

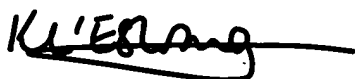
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit 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.

Independent auditors' report to the members of Checkpoint Apparel Label Solutions Limited (formerly ADS Worldwide Limited) (Continued)

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.



Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
3 August 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020

	<i>Note</i>	2020 £000	2019 £000
Turnover	2	768	316
Cost of sales		(33)	(49)
		<hr/>	<hr/>
Gross profit		735	267
Administrative expenses		(781)	(378)
		<hr/>	<hr/>
Operating loss	3	(46)	(111)
Dividends received	5	2,033	4,139
Interest receivable	6	1	5
		<hr/>	<hr/>
Profit before taxation		1,988	4,033
Tax on profit	7	(293)	(334)
		<hr/>	<hr/>
Profit and total comprehensive income for the year		1,695	3,699
		<hr/>	<hr/>

The notes on pages 13 to 21 form part of these financial statements.

All the above figures relate to continuing operations.

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total comprehensive income has been presented.

Balance Sheet
at 31 December 2020

	<i>Note</i>	2020	2019
		£000	£000
Fixed assets			
Investments	8	8,395	6,491
Current assets			
Debtors	9	299	570
Cash at bank and in hand		229	1,626
		528	2,196
Creditors: amounts falling due within one year	10	(645)	(1,385)
Net current liabilities		(117)	811
Total assets less current liabilities		8,278	7,302
Net assets		8,278	7,302
Capital and reserves			
Called up share capital	11	6,741	5,860
Share premium account		383	383
Profit and loss account		1,154	1,059
Shareholders' funds		8,278	7,302

The notes on pages 13 to 21 form part of these financial statements.

The financial statements on pages 10 to 21 were approved by the board of Directors on 2 August 2021 and were signed on its behalf by:



M Beckram
Director

Company registered number: 02412707

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	8,644	383	(2,801)	6,226
Profit for the year	-	-	3,699	3,699
Waiver of InterCompany receivables	-	-	161	161
Capital repayment	(2,784)	-	-	(2,784)
Balance at 31 December 2019	5,860	383	1,059	7,302
Profit for the year	-	-	1,695	1,695
Dividends payment	-	-	(1,600)	(1,600)
Issue of bonus shares (see note 11)	881	-	-	881
Balance at 31 December 2020	6,741	383	1,154	8,278

The notes on pages 13 to 21 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

General information

Checkpoint Apparel Label Solutions Limited is a private Company, incorporated and domiciled in England in the UK. The registered number is 02412707 and the address of its registered office is Suite 76-81 Pure Offices, Sherwood Park, Lake View Drive, Nottingham, NG15 0DT.

The financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and 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, CCL Industries Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of CCL Industries Inc. are available to the public and may be obtained from (www.cclind.com). 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 the end of the period;
- Transactions with other wholly owned group companies;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of CCL Industries Inc. include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting the rules of Paragraph 36(4) of Schedule 1.

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 a significant effect on the financial statements and the estimates with a significant risk of material adjustment in the next year are discussed in note 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 profit or loss.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, CCL Industries Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on CCL Industries Inc. providing additional financial support during that period. CCL Industries Inc. has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. 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. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes (continued)

1 Accounting Policies (continued)

Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/ income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments

Investments in subsidiary companies are held at historical cost less accumulated impairment losses.

Notes (continued)

1 Accounting policies (continued)

Turnover

The Company, Checkpoint Apparel Label Solutions Limited has two revenue streams. Revenue from sale of goods relates to sales activities to Local Customers (including Sainsbury, Asda, Arcadia, Debenhams) to sell labels and tags. Revenue from services relates to the recharge of sales and marketing expenses to the Netherlands at a margin of 5%

Turnover is generally recognised when all the following conditions are satisfied:

- (i) There is persuasive evidence of an arrangement
- (ii) The goods or services have been provided to the customer
- (iii) The amount of fees to be paid by the customer is fixed or determinable
- (iv) The collection of the fees is probable

Basic financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies 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 receipts discounted at a market rate of interest.

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

Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company has considered the carrying value of investments as a specific judgement.

Annual impairment reviewed are carried out in order to identify and respond to any risk of material adjustment to the carrying value of investments.

Notes (continued)

2 Turnover

All turnover arises from the Company's principal activity and originates in the United Kingdom.

The turnover is analysed on a geographical basis by destination as follows:

	2020 £000	2019 £000
United Kingdom	11	(110)
Rest of Europe	757	426
	<u>768</u>	<u>316</u>

Analysis of turnover by category

	2020 £000	2019 £000
Sales of goods	12	(110)
Services	756	426
	<u>768</u>	<u>316</u>

3 Operating profit / (loss)

Following charges / incomes are included in profit/loss:

	2020 £000	2019 £000
Audit fees payable to the Company's auditor	(20)	(8)
Other fees payable to the Company's auditor (tax)	3	(6)
Other legal fees and consultancy	(23)	(13)
Foreign currency exchange losses	80	92
	<u></u>	<u></u>

Notes (continued)

4 Directors and employees

The average monthly number of persons (including Directors) employed by the Company during the financial period was as follows:

	2020 Number	2019 Number
Sales and Distribution	9	9
Administration	1	1
Servicing	4	4
	<u>14</u>	<u>14</u>

Employee costs during the financial period amounted to:

Staff costs

	2020 £000	2019 £000
Wages and Salaries (including redundancy payments)	496	294
Social security costs	43	31
Other pension costs (see note 12)	32	17
	<u>571</u>	<u>342</u>

None of the Directors received any remuneration from the Company for their services (2019: *£nil*). They are remunerated by another Company, and remuneration in relation to services to the Company is considered insignificant.

5 Income from shares in group undertakings

	2020 £000	2019 £000
Dividend income received from subsidiary	<u>2,033</u>	<u>4,139</u>

6 Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable on amounts due to group undertakings	<u>1</u>	<u>5</u>

Notes (continued)

7 Tax on profit

a) Tax expense included in profit or loss

	2020 £000	2019 £000
Current tax		
UK corporation tax	-	-
Group relief receivable / (payable)	27	(20)
Foreign taxation	266	354
Total current tax	293	334
Deferred tax		
Origination and reversal of timing differences	-	-
Impact of change in tax rate	-	-
Total deferred tax	-	-
Tax on profit	293	334

b) Reconciliation of tax charge

Tax assessed for the period is the same than the standard rate of corporation tax in the UK for the period ended 31 December 2020 of 19% (2019: 19%).

	2020 £000	2019 £000
Profit before tax	1,988	4,033
Profit multiplied by the standard rate of tax in the UK of 19.00%	378	766
Effects of:		
Income not subject to tax	(386)	(786)
Group relief surrendered	62	20
Receipt for group relief	(27)	(20)
Unrelieved losses carried forward	-	-
Foreign taxation	266	354
Tax charge for the period	293	334

c) Tax rate changes

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. However, this will not have a consequential effect on the Company's future tax charge as there are no deferred tax assets / liabilities on current balance sheet.

Notes (continued)

8 Investments

	£000
Cost	
At 31 December 2019	6,491
Additions	1,904
Return on investment	-
Disposals	-
	<hr/>
At 31 December 2020	8,395
	<hr/>

In February 2020 the Company increased the capital in its subsidiary Checkpoint Checknet Etiket Ltd. Sti, amounting to £1,023K.

In April 2020, the Company carried out an additional capital injection in its subsidiary Checkpoint Checknet Etiket Ltd. Sti, amounting to £880,930 corresponding to 2,202,325 new shares at £0.40 value per share.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Subsidiary undertaking	Registered Address	Nature of business	Class and proportion of shares
Checkpoint Systems (ZJG) Co., Ltd	1-3f, Block B, No.25, Gang'Ao Road, Zhangjiagang, Jiangsu China	Ticket manufacturing	Ordinary 100%
Checkpoint Checknet Etiket Ltd. Sti	Beylikdüzü OSB Mah. Bakır ve Piriç Sanayicileri Sitesi Çiğdem Cad. No:3A. Turkey	Advanced technology printing	Ordinary 100%
Checkpoint Apparel Labeling Solutions India Pvt Ltd.	AID, Industrial Complex, Anna Salai, Maraimalai Nagar Kanchipuram India	Ticket manufacturing	Ordinary 100%

9 Debtors

	2020 £000	2019 £000
Trade debtors	14	132
Amounts owed by group undertakings	253	369
Prepayments and accrued income	12	10
Taxation and social security	20	59
	<hr/>	<hr/>
	299	570
	<hr/>	<hr/>

Amounts owed by group undertakings are interest free, unsecured, and repayable on demand.

Notes (continued)

10 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	252	396
Amounts owed to group undertakings	10	5
Accruals and deferred income	289	984
Taxation and social security	<u>94</u>	<u>-</u>
	<u>645</u>	<u>1,385</u>

Amounts owed to group undertakings are interest free, unsecured, and repayable on demand.

11 Called up share capital

Allotted and fully paid share capital:

	£000
At January 2020	5,860
Capital increase	<u>881</u>
At 31 December 2020	<u>6,741</u>

On 7th April 2020, 2,202,325 new ordinary shares were issued of £0.40 each. After this transaction, there was a total of 16,853,700 shares of £0.40 each.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12 Pension arrangements

The Company operates a personal pension scheme for certain employees. During the financial period, the Company contributed £32,050 (2019: £17,260) to the scheme.

There were no outstanding contributions at 31 December 2020.

13 Ultimate and immediate parent Company and controlling party

The Company's immediate parent is Checkpoint Holland Holdings B.V., a Company registered in the Netherlands.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is CCL Industries Inc, a Toronto, Canada based Company specialising in label and packaging solutions.

Consolidated financial statements can be obtained from the Company's website www.cclind.com

Notes (continued)

14 Related parties transactions and balances

Related party transactions

	Entities with control, joint control or significant influence		Entities over which Company has control, joint control or significant influence	
	2020 £000	2019 £000	2020 £000	2019 £000
Sales to / Other income	-	-	2,033	4,139
- Dividends received	-	-	-	-
- Income recharges	756	-	-	-
Expenses incurred	-	-	-	-
- Recharges as expense	70	17	-	-

Related party balances

	Entities with control, joint control or significant influence		Entities over which Company has control, joint control or significant influence	
	2020 £000	2019 £000	2020 £000	2019 £000
Receivables outstanding	253	369	-	-
Creditors outstanding	10	5	-	-

The transactions are at arm's length.