Inprint Systems Limited

Directors' report and financial statements

Registered number 03650238

31 December 2018

Contents

Strategic report

Principal activities

The Company's principal activity continued to be that of a holding company, primarily engaged in the provision of the manufacturing facility to its subsidiary. The Company's subsidiary is principally engaged in the print, design and manufacture of Expanded Content Booklet labels.

Business model

The Company primarily focuses on supporting its Ashford subsidiary with the provision of a state of the art manufacturing facility in order to service its customer's requirements and needs in an ever changing and demanding market.

Business review and results

The results for the year are shown in the profit and loss account on page 7.
For the year ended 31 December 2018, the Company reported a profit after taxation of £3,188,000 *(2017: £19,490,000)*.

Key performance indicators

Key performance indicators are not considered relevant for this holding company.

Principal risks and uncertainties

The principal risks and uncertainties and areas of strategic development and performance are primarily those of its subsidiary and include the following:

- Raw material availability and prices: the Company monitors key raw material sources on a global basis and negotiates fixed price contracts where appropriate with key suppliers
- Environmental risks: the Company places considerable emphasis upon environmental compliance and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes.
- Debtors: the Company maintains strong relationships with each of its key customers. Appropriate credit terms are agreed with all customers and these are closely managed.
- Major disruption/disaster: business continuity planning is reviewed regularly.
- The Company monitors forthcoming and current legislation regularly.

Future developments

The Company is expected to remain a holding company. No significant impact is expected from Brexit.

By order of the board

Glynn Moyles
Director

Foster Road,
Ashford Business Park,
Sevington, Ashford,
TN24 0SH

15th July 2019

Directors' report

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

Results for the year and Dividends

The results for the year are shown on page 7.

The directors do not propose a final ordinary dividend, which together with the interim dividend of £302.59 per ordinary share, make a total dividend of £302.6 per share *(2017: £1,934 per share).*

The Company made no political donations or incurred any political expenditure in the year.

Directors

The directors who held office during the year were as follows:

G T Martin
G N Moyles
M A Beckram
M J McGarry

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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 reappointed and KPMG LLP will therefore continue in office.

By order of the board

Glynn Moyles
Director

Foster Road,
Ashford Business Park,
Sevington, Ashford,
TN24 0SH

15th July 2019

Statement of directors' responsibilities 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.

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.

KPMG

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Inprint Systems Limited

Opinion

We have audited the financial statements of Inprint (Systems) Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and

Independent auditor's report to the members of Inprint Systems Limited *(continued)*

analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation

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 3, 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.

Independent auditor's report to the members of Inprint Systems Limited *(continued)*

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.

K L'Estrange

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

18 July 2019

Profit and Loss Account and Other Comprehensive Income

for year ended 31st December 2018

	Note	2018 £000	2017 £000
Turnover		**440**	440
Cost of sales		**-**	-
Gross profit		**440**	440
Administration expenses		**(284)**	(283)
Operating profit	*2,3*	**156**	157
Income from shares in group undertaking		**3,026**	19,346
Profit before taxation		**3,182**	19,503
Tax on profit	*4*	**6**	(13)
Profit and other comprehensive income for the financial year		**3,188**	19,490

All items dealt with in arriving at operating profit above relate to continuing operations.

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

Notes on pages 10 to 22 form part of financial statements.

Balance Sheet
at 31st December 2018

	Note	2018		2017	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*5*		**5,781**		6,057
Investments	*6*		**18,000**		18,000
			23,781		24,057
Current assets					
Debtors	*7*	**1,104**		665	
Cash at bank and in hand		**22**		22	
		1,126		687	
Creditors: amounts falling due within one year	*8*	**(8)**		(7)	
Net current assets			**1,118**		680
Total assets less current liabilities			**24,899**		24,737
Net assets			**24,899**		24,737
Capital and reserves					
Called up share capital	*11*		**2,283**		2,283
Profit and loss account			**22,616**		22,454
Shareholders' funds			**24,899**		24,737

These financial statements were approved by the board of directors on 15th July 2019 and were signed on its behalf by:

Glynn Moyles
Director

Company registered number: 03650238

Notes on pages 10 to 22 form part of financial statements

Statement of Changes in Equity

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	2,283	22,310	24,593
Total comprehensive income for the period			
Profit for the year	-	19,490	19,490
Total comprehensive income for the period	-	19,490	19,490
Equity dividends	-	(19,346)	(19,346)
Balance at 31 December 2017	2,283	22,454	24,737

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	2,283	22,454	24,737
Total comprehensive income for the period			
Profit for the year	-	3,188	3,188
Total comprehensive income for the period	-	3,188	3,188
Equity dividends	-	(3,026)	(3,026)
Balance at 31 December 2018	**2,283**	**22,616**	**24,899**

Notes on pages 10 to 22 form part of financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

Inprint Systems Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 03650238 and the registered address is Foster Road, Ashford Business Park, Sevington, Ashford, TN24 0SH.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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, CCL Industries Inc includes the Company in its consolidated financial statements. The consolidated financial statements of CCL Industries Inc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Suite 500, Gordon Baker Road, Framingham, Canada. 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.

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 102.26 *Share Based Payments*; and,
- 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 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 significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.13.

1.2 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: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and its financial position are described in the Strategic report on page 1.

The Company, as part of CCL Industries Inc., has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' report and financial statements.

1.4 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.

1.5 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.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Basic financial instruments (continued)

Trade and other creditors

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. 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 subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) 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. Land is not depreciated. The estimated useful lives are as follows:

- freehold building 40 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 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.

1.10 Turnover

Turnover represents the amounts (excluding value added tax) receivable for intercompany rents, recognised on rental payments.

1.11 Expenses

Interest payable and interest receivable

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 and 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).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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.

1.12 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. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Accounting estimates and judgements

Key sources of estimation uncertainty
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 5 for the carrying amount of the property plant and equipment, and note 1.7 for the useful economic lives for each class of assets.

(ii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 7 for the net carrying amount of the debtors and associated impairment provision.

(iii) Investments
Investments in subsidiaries are initially measured at cost. An annual review of investments is performed to ensure there is no indication of impairment and the carrying value is supported by the assets and trade of the subsidiary

Notes *(continued)*

2 Expenses and auditor's remuneration

Included in operating profit are the following:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	**276**	276

Auditor's remuneration:

	2018	2017
	£000	£000
Audit of these financial statements	**3**	3
Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries		
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	**5**	3
Other services	**-**	1

3 Directors and employees

None of the directors received emoluments in respect of their services to the Company during the year *(2017:£nil)*. The directors are remunerated by another group company.

The Company had no employees during the year apart from the directors (*2017: none)*.

Notes *(continued)*

4 Taxation

Total tax expense recognised in the profit and loss account

	2018		2017	
	£000	£000	£000	£000
Current tax				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax		-		-
Deferred tax (see note 9)				
Origination and reversal of timing differences	(6)		13	
Change in tax rate	-		-	
Total deferred tax		(6)		13
Total tax		(6)		13

Reconciliation of effective tax rate

	2018	2017
	£000	£000
Profit for the year	3,188	19,490
Total tax (credit)/expense	(6)	13
Profit before tax	3,182	19,503
Tax using the UK corporation tax rate of 19% *(2017: 19.25%)*	605	3,754
Deferred tax rate change	(8)	(9)
Fixed asset differences	46	47
Income not taxable	(575)	(3,724)
Utilisation of previously unrecognised tax losses	(74)	(54)
Other differences	-	(1)
Total tax expense included in profit or loss	(6)	13

Please note that from 1 April 2014, the main rate of corporation tax was reduced to 21% and from 1 April 2016 the main rate will be reduced to 20%. Accordingly, prior year tax had been measured at the hybrid rate of 20.25%. In the Budget on 8 July 2016, the Chancellor announced additional planned reductions to 19% from 01 April 2017 and 18% from 01 April 2020. This will reduce any future current tax charge accordingly. Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

A further reduction to the corporation tax rate by 1% to 17% by 1 April 2020 was announced in the Chancellor's 2017 budget statement. This further change had not been substantively enacted at the balance sheet date and, therefore, is not included in these financial statements as the proposed reduction cannot be reliably quantified at this stage.

Notes *(continued)*

5 Tangible fixed assets

	Land and buildings £000
Cost	
Balance at 1 January 2018	8,840
Balance at 31 December 2018	8,840
Depreciation and impairment	
Balance at 1 January 2018	2,783
Depreciation charge for the year	276
Balance at 31 December 2018	3,059
Net book value	**5,781**
At 31 December 2018	
At 1 January 2018	6,057

Land and Buildings

The net book value of land and buildings comprises:

	2018 £000	2017 £000
Land	**1,760**	1,760
Freehold	**4,021**	4,297
	5,781	6,057

Notes *(continued)*

6 Fixed asset investments

	Shares in group undertakings £000
Cost and net book value	
As at 1 January 2018	18,000
Additions	-
Disposals	-
As at 31 December 2018	**18,000**

The Company has the following investment in subsidiary:

	Activity	Registered Office address	Class of shares	Ownership 2018 %	Ownership 2017 %
CCL Label (Ashford) Limited	Trading	Foster Rd Ashford, Kent TN24 0SH, UK	Ordinary	100%	100%

7 Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	**1,082**	649
Deferred taxation (see note 9)	**22**	16
	1,104	665

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

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Accruals and deferred income	8	7
	8	7

9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	
	2018	2017
	£000	£000
Accelerated capital allowances	**22**	16
Tax assets	**22**	16

In addition to the deferred tax asset above, the Company has additional unrecognised deferred tax assets of £427,000 *(2017: £502,000)*.

10 Deferred tax asset movement

	2018
	£000
Balance at 1 January 2018	16
Credited to profit and loss during the year	6
Balance at 31 December 2018	**22**

Notes *(continued)*

11 Capital and reserves

Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
9,000 A ordinary shares of £1 each	**9**	9
900 B ordinary shares of £1 each	**1**	1
50 C ordinary shares of £1 each	**-**	-
50 D ordinary shares of £1 each	**-**	-
2,272,727 deferred shares of £1 each	**2,273**	2,273
At 31 December	**2,283**	2,283

Rights of classes of shares

Ordinary shares

The ordinary shares rank pari-passu with each other for the purposes of dividend payments and voting rights.

On winding up or on exit, the ordinary shareholders are entitled to the following proportion of assets of the company or aggregate consideration payable to the ordinary shareholders of the company:

Up to £20m	- A shareholders 90% - B shareholders 10%
Between £20m and £44m	- A shareholders 79% - B shareholders 16% - C shareholders 3.5% - D shareholders 1.5%
Over £44m	- A shareholders 15% - B shareholders 25% - C shareholders 33.6% - D shareholders 26.4%

Deferred shares

Deferred shareholders are not entitled to participate in any dividend or other distribution paid or made by the company, except when surplus assets are remaining after a total sum of £100,000,000 has been distributed in respect of each of the ordinary shares of the company. The shareholders are then entitled to the repayment of the nominal amounts paid up on the shares. Deferred shareholders do not have any voting rights.

Notes *(continued)*

12 Dividends

	2018	2017
	£000	£000
Interim dividend of £ 302.6 per ordinary share (*2017: £1,934*)	**3,026**	19,346

13 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of CCL Industries (UK) Limited. The ultimate controlling party is CCL Industries Inc.

The largest group in which the results of the Company are consolidated is that headed by CCL Industries Inc, registered office address at 111 Gordon Baker Road, Suite 801, Toronto, Ontario M2H 3R1, Canada. No other group financial statements include the results of the Company. The consolidated financial statements of this group is available to the public and may be obtained from the registered office.