Registered number: 05562629

Boxes and Packaging (Merseyside) Limited

Financial statements

For the year ended 31 December 2017

Boxes and Packaging (Merseyside) Limited

Contents

Boxes and Packaging (Merseyside) Limited

Company information

Directors	W B Barnett B N McDonnell A D Kelly G M Richardson G T Stell
Registered number	05562629
Registered office	Lifford Hall Lifford Lane Kings Norton Birmingham West Midlands B30 3JN
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR
Bankers	Barclays Bank Plc Park House Newbrick Road Bristol BS34 8YU

Boxes and Packaging (Merseyside) Limited
Registered number: 05562629

Balance sheet
As at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	5		**12,986**		14,430
Tangible assets	6		**878,950**		740,706
			891,936		755,136
Current assets					
Stocks		**434,888**		397,479	
Debtors	7	**2,445,830**		2,242,154	
Cash at bank and in hand		**-**		15,900	
		2,880,718		2,655,533	
Creditors: amounts falling due within one year	8	**(3,720,803)**		(3,285,184)	
Net current liabilities			**(840,085)**		(629,651)
Total assets less current liabilities			**51,851**		125,485
Provisions for liabilities					
Deferred taxation	9		**(49,921)**		(46,040)
Net assets			**1,930**		79,445
Capital and reserves					
Called up share capital	10		**2**		2
Retained earnings			**1,928**		79,443
Total shareholder's funds			**1,930**		79,445

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the Statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 2 to 12 were approved and authorised for issue by the board and were signed on its behalf on 18 September 2018.

A D Kelly
Director

G M Richardson
Director

The notes on pages 3 to 12 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2017

1. General information

The principal activity of the company during the year continued to be that of the design and manufacture of corrugated cases and packaging solutions.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Lifford Hall, Lifford Lane, Kings Norton, Birmingham, West Midlands, B30 3JN.

2. Statement of compliance

The financial statements of Boxes and Packaging (Merseyside) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") Section 1A and the Companies Act 2006.

3. Summary of significant accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. No critical judgements or critical accounting estimates have been applied to these financial statements.

The following principal accounting policies have been consistently applied:

3.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods are recognised on sale to customer which is upon customer receipt of goods.

3. Summary of significant accounting policies (continued)

3.3 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquirer at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life of 20 years.

3.4 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to Statement of income and retained earnings during the period in which they are incurred.

Depreciation is provided on the following bases:

Freehold property	-	25% Straight line basis
Plant and machinery	-	6.7% Straight line basis
Motor vehicles	-	10% Straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of income and retained earnings.

3.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of income and retained earnings.

3. Summary of significant accounting policies (continued)

3.6 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as cash, trade and other debtors, trade and other creditors, bank overdrafts, invoice discounting and amounts owed by/to group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

3.7 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.8 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the period of the lease.

3. Summary of significant accounting policies (continued)

3.9 Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to Statement of income and retained earnings over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

3.10 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.13 Contingent liabilities

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

3.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.15 Related party transactions

The company disclosed transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

3. Summary of significant accounting policies (continued)

3.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2017 Number	2016 Number
Administrative	**10**	9
Production	**51**	50
	61	59

Notes to the financial statements
For the year ended 31 December 2017

5. Intangible assets

	Goodwill £
Cost	
At 1 January 2017	**28,870**
At 31 December 2017	**28,870**
Accumulated amortisation	
At 1 January 2017	**14,440**
Charge for the year	**1,444**
At 31 December 2017	**15,884**
Net book value	
At 31 December 2017	**12,986**
At 31 December 2016	14,430

6. Tangible assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2017	**243,697**	**1,662,176**	**11,050**	**1,916,923**
Additions	**-**	**275,396**	**-**	**275,396**
Disposals	**-**	**(51,041)**	**-**	**(51,041)**
Transfers	**(2,161)**	**2,161**	**-**	**-**
At 31 December 2017	**241,536**	**1,888,692**	**11,050**	**2,141,278**
Accumulated depreciation				
At 1 January 2017	**234,577**	**930,616**	**11,024**	**1,176,217**
Charge for the year	**4,879**	**106,315**	**26**	**111,220**
Disposals	**-**	**(25,109)**	**-**	**(25,109)**
At 31 December 2017	**239,456**	**1,011,822**	**11,050**	**1,262,328**
Net book value				
At 31 December 2017	**2,080**	**876,870**	**-**	**878,950**
At 31 December 2016	9,120	731,560	26	740,706

6. Tangible assets (continued)

Tangible assets with a carrying value of £878,950 (2016: £740,706) are pledged as security for the company's banking facilities.

7. Debtors

	2017 £	2016 £
Trade debtors	**1,919,293**	1,960,346
Amounts owed by group undertakings	**315,268**	68,413
Corporation tax	**11,873**	-
Other debtors	**28,750**	-
Prepayments and accrued income	**170,646**	213,395
	2,445,830	2,242,154

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

8. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank overdraft	**397,384**	-
Invoice discounting	**1,305,590**	1,291,196
Trade creditors	**459,496**	413,477
Amounts owed to group undertakings	**1,390,723**	1,118,507
Corporation tax	**-**	32,696
Other tax and social security	**41,782**	54,219
Accruals and deferred income	**125,828**	375,089
	3,720,803	3,285,184

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

The company's bank borrowings are secured by certain fixed and floating charges over the property, assets, and undertakings of the company.

Invoice discounting amounts are secured against the company's trade debtors to the amount of £1,305,590 (2016: £1,291,196).

9. Deferred taxation

	2017 £	2016 £
At beginning of year	**(46,040)**	(43,615)
Charged to the Statement of income and retained earnings	**(3,881)**	(2,425)
At end of year	**(49,921)**	(46,040)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**(50,684)**	(46,040)
Other short term timing differences	**763**	-
	(49,921)	(46,040)

10. Called up share capital

	2017 £	2016 £
Allotted and fully paid		
2 (2016: 2) Ordinary shares of £1 each	**2**	2

11. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administrated fund. Amounts due to the fund at the year end: £4,492 (2016: £83).

12. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Within 1 year	**147,500**	147,500
Within 2 to 5 years	**590,000**	590,000
More than 5 years	**405,625**	553,125
	1,143,125	1,290,625
Plant and machinery		
Within 1 year	**20,784**	20,784
Within 2 to 5 years	**57,147**	96,992
More than 5 years	**-**	-
	77,931	117,776

13. Contingent liabilities

There is a composite offset guarantee in place between Boxes and Packaging (UK) Limited, Boxes and Packaging (Manchester) Limited, Boxes and Packaging (Birmingham) Limited, Boxes and Packaging (Grimsby) Limited, Boxes and Packaging (Oxford) Limited, Boxes and Packaging (Leicester) Limited, Boxes and Packaging (Bristol) Limited, Boxes and Packaging (Merseyside) Limited, Boxes and Packaging (Dumbarton) Limited, CSI (GB) Limited, Boxes and Packaging (Cambridge) Limited, Boxes and Packaging (Doncaster) Limited, Boxes and Packaging (Glasgow) Limited and Boxes and Packaging (Swindon) in favour of Barclays Bank Plc.

There is a cross guarantee and debenture in place between Boxes and Packaging (UK) Limited, Boxes and Packaging (Manchester) Limited, Boxes and Packaging (Birmingham) Limited, Boxes and Packaging (Grimsby) Limited, Boxes and Packaging (Oxford) Limited, Boxes and Packaging (Leicester) Limited, Boxes and Packaging (Bristol) Limited, Boxes and Packaging (Merseyside) Limited, Boxes and Packaging (Dumbarton) Limited, CSI (GB) Limited, Boxes and Packaging (Cambridge) Limited, Boxes and Packaging (Doncaster) Limited, Boxes and Packaging (Glasgow) Limited and Boxes and Packaging (Swindon) Limited in favour of Barclays Bank Plc.

The directors do not anticipate any losses arising to the company as a result of these guarantees.

14. Related party transactions

The company has taken advantage of the exemptions contained in FRS 102 not to disclose transactions with related companies which are controlled within the Logson Holdings Limited group of which the company is a subsidiary.

Notes to the financial statements
For the year ended 31 December 2017

15. Ultimate controlling party and parent undertaking

The company's immediate parent company at the Balance sheet date was Boxes and Packaging (UK) Limited, a company registered in England & Wales.

The company's ultimate parent company at the Balance sheet date was W.& R. Barnett, Limited a company registered in Northern Ireland.

The parent of the smallest group of undertakings which produces consolidated financial statements, and of which the company is a member, is Boxes and Packaging (UK) Limited a company incorporated in England & Wales. Group financial statements for this company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The parent of the largest group of undertakings which produces consolidated financial statements, and of which the company is a member, is W.& R. Barnett, Limited, a company incorporated in Northern Ireland. Group financial statements for this company are available from Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, BT2 8BG.

The ultimate controlling party is the shareholders of W.& R. Barnett, Limited.

16. Auditors' information

PricewaterhouseCoopers LLP are the statutory auditors for Boxes and Packaging (Merseyside) Limited. An unqualified audit opinion was signed by the Senior Statutory Auditor, Emma Murray, and issued on behalf of PricewaterhouseCoopers LLP on 18 September 2018 for the financial year ended 31 December 2017.