Registered Number: 09899454

RECEIPTCO MANUFACTURING (UK), LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

RECEIPTCO MANUFACTURING (UK), LTD.

CONTENTS
for the year ended 31 December 2019

	Page
Company Information	1
Strategic Report	2
Directors' Report	7
Independent Auditors' Report to the members of Receiptco Manufacturing (UK), Ltd.	10
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16

RECEIPTCO MANUFACTURING (UK), LTD.

COMPANY INFORMATION
for the year ended 31 December 2019

DIRECTORS:	I J Genser M S Caines Receiptco (UK) Holdings, Ltd.
REGISTERED NUMBER:	09899454 (England and Wales)
REGISTERED OFFICE:	8th Floor 20 Farringdon Street London EC4A 4AB
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP The Maurice Wilkes Building St John's Innovation Park Cowley Road Cambridge CB4 0DS

RECEIPTCO MANUFACTURING (UK), LTD.

STRATEGIC REPORT
for the year ended 31 December 2019

The directors present their strategic report of Receiptco Manufacturing (UK), Ltd. (the "Company") for the year ended 31 December 2019.

Review of the business

The Company is one operating entity of the Receiptco (UK) Holdings, Ltd. Group ("the Group") - the international enterprise of the one of the world's leading providers of receipt and innovative label solutions. It creates value for its customers by enhancing transaction recording, ensuring order accuracy and improving operational efficiency. The Company achieves this by providing highly differentiated label solutions and low cost manufacturing of paper receipts. The Group, along with Iconex LLC, (a related company), together form the trading companies of "Iconex".

The turnover of the Company in the year ended 31 December 2019 was £24.6 million (2018: £25.7 million). Operating profit for the year was £0.6 million (2018: loss of £0.5 million) and total comprehensive income for the financial year was £0.4 million (2018: total comprehensive loss of £0.7 million).

At 31 December 2019, the Company had net assets of £2.4 million (2018: £2.0 million).

COVID-19 Update

Market and operational impact
The onset of the COVID-19 pandemic has had a significant impact on the Company's trading during 2020 a direct impact on day to day trading. At the peak of the crisis, a number of its customers in the retail, hospitality and leisure industries were either closed completely for a period of time (for example fast food outlets and non-essential stores) or were greatly restricted in their ability to trade. This was partially offset by increased ordering from certain customers – for example large supermarket chains.

Whilst the lost trade is disappointing, management are keenly aware of their responsibility to their staff, customers and to the wider communities in which they operate. The Company's production facility Peterborough remained open and productive throughout the lockdown period. With safety being the top priority, all non-essential staff were placed on furlough through the UK Government's Coronavirus Job Retention Scheme, so avoiding the need to make redundancies. The Company will gradually recall staff from furlough as required with most staff returning by September. Wherever possible, staff were asked to work from home and this has worked well to date.

Management have also adapted the Company's sales strategy and product offering in light of the world situation. It aims to exploit its position as a low-cost receipt manufacturer by targeting potential new customers. Management also sees a significant opportunity to grow its labels business and is currently in the tendering process for a number of major contracts.

Since mid-June 2020, the Company has seen a strong return of trade as its customers reopen and restock. The business' trading during the summer months is greatly encouraging, however management expects the impacts of the pandemic to be felt well into 2021 and has therefore maintained a cautious approach to forecasting.

COVID-19 Update (continued)

Financial impact
Despite the poor trading during Spring 2020, the directors are pleased to report that the Company is in a strong financial position (as explained below). Under normal business circumstances, the Company is highly cash generative and as at the end of June 2020 had a cash balance of £1.4m.

The Company also has a modest fixed cost base. Its manufacturing facility in Peterborough is owned outright meaning it does not have rental payments due on property, and the UK government's furlough scheme has minimised labour costs whilst production was lower.

In addition:
- The Company can draw on the cash reserves of other companies in the Receiptco (UK) Holdings, Ltd. group (the "Group"). At the end of June 2020, the Group had combined cash at bank of £3.5m
- Neither the Company nor any of its fellow Group undertakings has any third-party debt
- The Company has factoring arrangements in place over a significant proportion of trade debtors. This means cash collection from sales is strong
- As a result of just-in-time ordering, reduced trade has had no impact on gross margins. Gross margin has been in line with or better than budget throughout the pandemic
- Paper mills are currently operating at under 70% capacity, providing an opportunity for the Company's subsidiaries to drive down paper costs with suppliers should the business decide to build stock levels
- The Company's customers are almost all in the UK and EU, which has mostly taken a firm approach to tackling COVID-19 and has now advanced past the stage of requiring nationwide lockdowns. This means sales are unlikely to be as negatively affected by widespread business closures as they were in March-May 2020.

Environmental matters

The Company is committed to a policy of environmental protection and actively ensures its obligations under European legislation, Waste Electrical and Electronic Equipment Directive (WEEE Directive) and UK Packaging Waste regulations are met. The Company recognizes that responsible product stewardship begins with product design. From product conception to final disposition, the Company strives to improve the environmental design of its products, with a goal of maximizing opportunities for recycling and/or reuse.

Employee matters

Details of the number of employees and related costs can be found in note 5 to the financial statements. The Company strives to create a healthy, positive and productive environment in which all employees have the opportunity to contribute and succeed. The Company is also part of SEDEX and have complied and passed SMETA audits as part of this organisation. SMETA is one of the most widely used social audit procedures in the world. It provides a globally-recognised way to assess responsible supply chain activities, including labour rights, health & safety, the environment and business ethics.

Key performance indicators ("KPIs")

In the financial year ended 31 December 2019 the following financial performance indicators were used in managing the business.

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Turnover	**24,623**	25,698
Operating profit/(loss) before interest and tax)	**612**	(503)

The Company's turnover principally represents the sale of products.

The efficiency and profitability of the operating business are measured by reference to operating income (EBIT). Operating income excludes taxes and financing costs.

Please refer to the "Review of the business" section above for management's assessment of financial performance in the period.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to be related to the following areas:

- The commodity nature of our business is such that customers can easily move between suppliers and therefore price is seen a key retention factor. As a result, competitor activity could impact the market and have a material effect on our financial performance.
- As a low-cost manufacturer of paper rolls we need to achieve targeted levels of operational efficiency to maintain our profitability and competitive advantage. Significant adverse operating performance in purchasing, manufacturing or distribution activities can have a material impact on our financial performance.
- Our customers require timely delivery of products to meet forecast demand within their businesses. If, due to failures within our business infrastructure and/or outsource service organizations, we were unable to deliver product to meet customer demand this could have a material effect on our financial performance.
- Recruitment and retention of high performing employees, to enable the Company to deliver the business strategy.

Measures taken by the Company and within the Group to respond include monitoring of competitor activity to maintain competitive pricing, review of operational and financial performance using KPIs, monitoring of key outsource partner performance and established employee development programmes.

Principal risks and uncertainties (continued)

Specific risk relating to business disruption including COVID-19
Business disruptions may occur where the Company is unable to open to trade at full capacity because of pandemics such as COVID-19. There is a risk that the reduction in trade could result in the Company no longer being able to trade as a going concern.

To mitigate this risk, the directors will take a proactive approach to minimising business disruption and will take mitigating actions as required. This could include, but is not limited to, accessing any Government reliefs when available, preserving cash through its working capital cycle, and if necessary seeking debt financing from third parties.

The directors have carried out a detailed assessment of the potential risks and ways the COVID-19 outbreak could impact the business. These COVID-19 risk assessments have guided the Company and its subsidiaries to introduce new operating plans which include social distancing measures, additional cleaning procedures, revised operating procedures and staff training at all levels. The Company has modelled the impact of these measures on the business and has forecast different trading situations including a worst-case scenario and are confident that the impact on the Company of the COVID-19 pandemic can be mitigated to ensure its ability to continue to trade as a going concern.

Financial risk management

The Company's activities expose it to a number of financial risks including cash flow risk, price risk, credit risk and liquidity risk. The Company does not use derivative financial instruments to manage these risks.

Cash flow risk
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company's primary foreign exchange exposure is in relation to sales to and purchases from other Group companies which are denominated in USD and purchases of some raw materials in Euro. Foreign exchange hedging is managed at a Group level and no hedging is undertaken at a Company level. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Price risk
The Company manages price risk by monitoring paper supplier prices and seeks to pass on paper cost increases to customers when necessary, in line with general market practice. No commodity price hedging is undertaken at a Company level.

Credit risk
The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Liquidity risk
All funding is provided by other Group companies and therefore liquidity risk is considered minimal.

Future Outlook

The directors expect the Company to focus on growing its core business activities in the coming year. As described on page 2, as a result of the COVID-19 pandemic, the Company is seeking to grow its labels business whilst also using its position as a low-cost manufacturer of paper rolls to gain market share as companies across the globe seek to drive down costs. This should enable the Company to meet its objectives of increasing revenue and profit margins in future years. The Company's success in achieving this will be primarily impacted by its ability to successfully implement planned process improvements, to achieve its targeted levels of operational efficiency, as well as factors such as economic growth in its key markets of Retail, Financial, Hospitality, and Manufacturing & Warehousing.

This report was approved on behalf of the board on and signed on its behalf by:

....

I J Genser
Director
19 August 2020

IG

RECEIPTCO MANUFACTURING (UK), LTD.

DIRECTORS' REPORT
for the year ended 31 December 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Principal activities

The principal activities of the Company in the period under review was the manufacture, sale and distribution of paper receipt and label products. Paper receipt products include printed, non-printed and two-sided thermal paper rolls. Label products include pressure-sensitive, laser and direct thermal labels, thermal transfer ribbons and receipt/label combinations. The Company also sells consumable imaging products (including toner cartridges, inking ribbons, cut sheet paper, thermal transfer ribbons and printer supplies) and other related consumable products. The Company does not engage in any significant research and development activities.

Review of the business, financial risk management and future outlook

Please refer to the Strategic Report on pages 2-6.

Dividends

No dividends will be distributed for the year ended 31 December 2019 (2018: £Nil).

Directors

The directors who served during the financial year and up to the date of signing the financial statements, unless otherwise stated, were:

I J Genser
M S Caines
Receiptco (UK) Holdings, Ltd.

The directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

Going Concern

The lockdowns across Europe in 2020 and the gradual unlocking of trading over the remainder of the year and into 2021 will have a significant impact on historic and future trading. However, the business has remained in a strong cash position throughout 2020, which management expects to continue into 2021.

The directors and management of the business have reviewed the detailed forecast cash flows of the Company and the Group for the forthcoming 12 months from the date of the approval of the financial statements. These cash flow forecasts and re-forecasts are prepared regularly as part of the business planning process. These have been revisited and vigorously re-modelled throughout the pandemic, subjected to stress testing, scenario modelling and sensitivity analysis, which the directors consider sufficiently robust.

Management have modelled a worst-case scenario for the Group in which a second wave of COVID-19 occurs in September 2020, triggering nationwide lockdowns across Europe. The resulting trading levels would echo the initial peak of the pandemic in Spring 2020. Hopefully furlough or other government schemes would be extended or reintroduced where appropriate. This scenario assumes the gradual return of trade similar to that seen in Summer 2020. In this worst-case scenario, there is no point in which cash reserves in the Group fall below £1m. The Directors therefore consider that the Company will have sufficient cash resources available to meet its liabilities as they fall due.

Going Concern (continued)

The Company expects to meet its day-to-day working capital requirements from the cash flows generated by its trading activities.

The directors consider that the level of change to forecast cash flows required to give rise to a material risk over going concern are sufficiently remote. Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realise its assets and discharge its liabilities in the normal course of business over the coming twelve months.

Events after Balance Sheet date

Since the year end the outbreak of the COVID-19 virus has brought uncertainty to global markets, national economies, and companies of all descriptions. The impact of the pandemic on the trade and operations of the Company and its subsidiaries have been described in the Strategic Report on page 2. Since June 2020, the Company has seen a strong upturn in trade and whilst it is early to predict the precise levels of trading, the directors believe based on the current information available that the Company has the ability to return to normal trading over the next 12 to 18 months.

Employee matters

The Company's policy is that all recruitment and subsequent development and promotion is carried out solely on the basis of aptitude and ability. Further, the Company is committed to employment policies based on equal opportunities for all employees irrespective of sex, race, colour, disability or marital status. Appropriate arrangements are made for the continued employment and development of disabled persons employed within the Company. If employees become disabled, the Company continues employment, either in the same or an alternative position, with appropriate retraining as necessary

The Company systematically provides employees with information on matters that concern them, consulting with them or appropriate worker representatives, when making decisions likely to affect their interests. The Company encourages involvement of employees through one on one conversations as well as internal communications and "town hall" style meetings, covering a wide variety of topics including financial performance and economic factors being faced.

The safety of employees, particularly during the current pandemic, is of paramount importance. In the wake of the COVID-19 pandemic, safeguarding measures such as social distancing, enhanced cleaning and home working have been introduced.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is in force at the time of signing these financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

RECEIPTCO MANUFACTURING (UK), LTD.

DIRECTORS' REPORT
for the year ended 31 December 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 19 August 2020 and signed on its behalf.

....

I J Genser
Director

IG

Independent auditors' report to the members of Receiptco Manufacturing (UK), Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, Receiptco Manufacturing (UK), Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Receiptco Manufacturing (UK), Ltd. (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Receiptco Manufacturing (UK), Ltd. (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
19 August 2020

RECEIPTCO MANUFACTURING (UK), LTD.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Turnover	*4*	**24,623**	25,698
Cost of sales		**(21,752)**	(22,941)
Gross profit		**2,871**	2,757
Administrative expenses		**(2,259)**	(3,260)
Operating profit/(loss)	*6*	**612**	(503)
Interest payable and similar expenses	*7*	**(183)**	(240)
Profit/(loss) before income tax		**429**	(743)
Tax on profit/(loss)	*8*	**-**	-
Profit/(loss) for the financial year		**429**	(743)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**429**	(743)

The notes on pages 16-31 are an integral part of these financial statements.

RECEIPTCO MANUFACTURING (UK), LTD. (REGISTERED NUMBER: 09899454)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	At 31 December 2019 £'000	At 31 December 2018 £'000
FIXED ASSETS			
Tangible assets	*9*	**1,983**	2,026
Investments	*10*	**-**	83
		1,983	2,109
CURRENT ASSETS			
Stocks	*11*	**2,537**	2,549
Debtors	*12*	**11,128**	14,343
Cash and cash equivalents		**768**	379
		14,433	17,271
CREDITORS:			
Amounts falling due within one year	*13*	**(11,366)**	(12,354)
NET CURRENT ASSETS		**3,067**	4,917
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,050**	7,026
CREDITORS:			
Amounts falling due after more than one year	*14*	**(2,611)**	(5,016)
NET ASSETS		**2,439**	2,010
CAPITAL AND RESERVES			
Called-up share capital	*15*	**1**	1
Share premium account	*16*	**4,279**	4,279
Accumulated losses	*16*	**(1,841)**	(2,270)
TOTAL SHAREHOLDERS' EQUITY		**2,439**	2,010

The notes on pages 16-31 are an integral part of these financial statements.

The financial statements on pages 13 to 31 were approved by the Board of Directors on 19
August 2020 and were signed on its behalf by:

I J Genser
Director

RECEIPTCO MANUFACTURING (UK), LTD.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Note(s)	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total shareholders' equity £'000
As at 1 January 2018		1	1,126	(1,527)	(400)
Transactions with owners of the Company:					
Issue of new share capital	*15, 16*	-	3,153	-	3,153
Loss and total comprehensive loss for the year		-	-	(743)	(743)
As at 31 December 2018		1	4,279	(2,270)	2,010
Profit and total comprehensive income for the year		-	-	429	429
As at 31 December 2019		**1**	**4,279**	**(1,841)**	**2,439**

The notes on pages 16-31 are an integral part of these financial statements.

1. GENERAL INFORMATION

Receiptco Manufacturing (UK), Ltd. (the "Company") is a private company, limited by shares, incorporated and domiciled in the UK and registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page (page 1).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation
The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 58, 90, 91 and 93 of IFRS 16 Leases.
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

2. ACCOUNTING POLICIES (continued)

2.1.1 New standards, amendments and IFRIC interpretations
On 1 January 2019, the Company adopted IFRS 16 *Leases*. The new standard replaced IAS 17 *Leases* and fundamentally altered the classification and measurement of operating leases for lessees, removing the distinction between operating and finance leases.

The adoption of this standard, and any other new standards, amendments or interpretations have not had a material impact on the Company's financial statements.

2.1.2 Going Concern
The directors make an estimate of the future performance of the Company in order to prepare the financial statements on a going concern basis. When assessing future performance, the directors considers financial projections which reflect current expected market conditions, liquidity requirements and opportunities and risks facing the Company. Specific considerations relating to COVID-19 and their impact on the director's assessment of going concern are detailed in the Directors' Report. The directors are confident that the Company has adequate resources to continue to trade for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.1.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006. The address of the ultimate parent's registered office is 8th Floor, 20 Farringdon Street, London EC4A 4AB. These financial statements are separate financial statements.

2.1.4 Foreign currency translation
The Company's functional and presentational currency is Pound Sterling. All amounts in the financial statements and notes have been rounded off to the nearest thousand Pound Sterling, unless otherwise stated.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when settlement of such transactions occurs. Foreign currency monetary items are re-measured at year-end exchange rates.

Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest payable and similar charges'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Administrative expenses'.

2.2 Turnover
The Company's only material turnover stream is generated from the sale of print related products under contracts with customers. In all cases, turnover is recognised to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services and is recognised when the customer obtains control of the good. Turnover is stated at the transaction price excluding VAT, which includes allowance for anticipated discounts, rebates and returns as well as freight, shipping and handling costs.

2. ACCOUNTING POLICIES (continued)

2.2 Turnover (continued)

Turnover is recognised when control of the product is transferred from the Company, which is usually on shipment. In addition, the Company estimates and records rebates as a reduction of revenue in the period related to the sale. Amounts billed to customers for freight, shipping and handling are included in revenue. Amounts incurred for freight, shipping and handling are included in cost of sales in the financial statements.

Where the goods promised within a contract are distinct, they are identified as separate performance obligations and are accounted for separately. Where separate performance obligations are identified, total turnover is allocated on the basis of relative stand-alone selling prices or management's best estimate of relative value where stand-alone selling prices do not exist. Management estimates may include a cost-plus method or comparable product approach but must be supported by objective evidence.

2.3 Employee benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.5 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.6 Tangible fixed assets

Tangible fixed 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. All repairs and maintenance costs are recognised in the Statement of Comprehensive Income as incurred.

2. ACCOUNTING POLICIES (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Land and assets under construction are not depreciated. Depreciation is provided on the following basis:

Freehold property - 25 years	Fixtures and fittings - 5 years
Improvements to property - 15 years	Plant and machinery - 5 years

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 in the Statement of Comprehensive Income.

2.7 Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2.9 Financial instruments

Financial instruments comprise deferred consideration receivable, amounts owed by and to Group undertakings, cash and cash equivalents, trade creditors, accruals and borrowings.

The Company classifies all of its financial assets and financial liabilities as held at amortised cost.

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

a). Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

• The asset is held within a business model whose objective is to collect the contractual cash flows, and;
• The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in administrative expenses together with foreign exchange gains and losses and impairment losses.

Amounts owed by Group undertakings that relate to trading are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Lifetime expected credit losses are estimated based on the ageing of debtor, experience and known circumstances of the counterparty.

Loans receivable from Group undertakings are initially recorded at fair value. The recoverability of each loan receivable is assessed every 12 months, with any expected credit losses taken immediately to the Statement of Comprehensive Income. Expected credit losses are assessed by calculating the probability weighted average recovered amount as modelled in various recoverability scenarios.

b). Financial liabilities at amortised cost

Trade creditors, accruals and borrowings are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2.10 Impairment of financial instruments

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables – see note 2.12.

2. ACCOUNTING POLICIES (continued)

2.11 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Inventory is valued on a first in first out basis. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

2.12 Debtors

Debtors are measured at transaction price, less an allowance for expected credit losses. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at fair value through profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the financial period in which they are incurred.

2.16 Share capital

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

2.17 Leases

The company leases various items of office equipment and plant and machinery. Rental contracts are typically made for fixed periods of 3 months to 5 years but may have extension options. Contracts may contain both lease and non-lease components.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities primarily include the net present value of fixed lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is rarely the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. ACCOUNTING POLICIES (continued)

2.17 Leases (continued)

The Company's right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical accounting estimates and judgements 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.

(a) Stock provisioning

It is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 11 for the net carrying amount of stocks and associated provision.

(b) Recoverability of financial assets

Management estimates when assessing the recoverability of financial assets such as trade debtors and loans due from other Group undertakings. Expected credit losses are calculated based on an assessment of the most likely recoverable amount for either a Group of receivables or (where appropriate) individual owed balances. When assessing expected credit losses, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 12 for the net carrying amount of the receivables and associated expected credit loss allowance.

4. TURNOVER

An analysis of turnover by geographical location of the Company's sales is given below:

	2019	2018
	£'000	£'000
UK	12,367	13,809
Rest of Europe	12,174	11,889
Rest of World	82	-
Total	24,623	25,698

All turnover arose on the sale of goods to third parties and other Group companies. The split between sales to third parties and sales to other Group companies was as follows:

	2019	2018
	£'000	£'000
Third parties	14,839	15,318
Other Group companies	9,784	10,380
Total	24,623	25,698

2019 turnover includes £265,000 that was recognised as a contract liability balance in the prior year. The Company has recognised contract liabilities of £48,000 as at 31 December 2019. See note 13.

5. EMPLOYEES AND DIRECTORS

	2019	2018
	£'000	£'000
Wages and salaries	1,654	1,620
Social security costs	79	190
Other pension costs	116	63
	1,849	1,873

The average monthly number of persons (including executive directors) employed by the Company during the year was as follows:

Split between:

	2019	2018
	No.	No.
Sales and Marketing	2	3
Operations	32	35
General and Administrative	13	9
	47	47

None of the Directors received any remuneration in respect of their services to the Company.

6. OPERATING PROFIT/(LOSS)

The loss before income tax is stated after charging:

	2019 £'000	2018 £'000
Cost of inventories recognised as expense	**19,070**	20,854
Depreciation – owned assets (see note 9)	**75**	70
Depreciation – right-of-use assets (see note 9)	**11**	-
Impairment of investment (see note 10)	**83**	-
Foreign exchange losses	**77**	401
Operating lease expenses	**5**	25
Staff costs (see note 5)	**1,849**	1,873
Impairment of inventory	**16**	2
Impairment of receivables	**102**	42

Auditors' remuneration is borne by the parent Company without recharge. The amount payable for the audit of the Company is £44,100 (2018: £42,000). The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group financial statements of the ultimate parent company.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest expense	**173**	224
Bank charges	**10**	16
	183	240

8. TAX ON PROFIT/(LOSS)

No liability to UK corporation tax arose for the year ended 31 December 2019 or 31 December 2018.

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£'000	£'000
Profit/(loss) before income tax	**429**	(743)
Tax on loss at standard UK tax rate of 19% (2018: 19%)	**82**	(141)
Effects of:		
- Expenses not deductible	**20**	-
- (Change in losses not recognised)/amounts not recognised	**(102)**	141
Total tax charge for the year	**-**	-

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In March 2020, the Chancellor announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%.

No deferred tax assets have been recognised in the financial statements (2018: £Nil) as the Directors do not consider it probable that such assets will be realised in the foreseeable future. Unrecognised deferred tax related to tax losses of £420,923 (2018: £524,045), temporary trading differences of £20,282 (2018: £Nil) and fixed asset differences of £9,430 (2018: £Nil).

9. TANGIBLE ASSETS

	Freehold Property	Improvements to property	Plant and machinery	Fixtures and fittings	Assets under construction	Right-of-use assets	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
At 1 January 2019	1,859	55	236	26	-	-	2,176
Additions	-	-	-	-	15	-	15
Recognised on adoption of IFRS 16	-	-	-	-	-	28	28
At 31 December 2019	**1,859**	**55**	**236**	**26**	**15**	**28**	**2,219**
Accumulated depreciation:							
At 1 January 2019	58	13	71	8	-	-	150
Charge for the year	-	27	43	5	-	11	86
At 31 December 2019	**58**	**40**	**114**	**13**	**-**	**11**	**236**
Net book value:							
At 31 December 2018	1,801	42	165	18	-	-	2,026
At 31 December 2019	**1,801**	**15**	**122**	**13**	**15**	**17**	**1,983**

Included within freehold property is land with a book value of £1,298,327 (2018: £1,298,327).

Right-of-use assets relate to certain items of plant and machinery held under finance leases.

Corresponding lease liabilities of £28,000 were recognised on adoption of IFRS 16 on 1 January 2019. During the year ended 31 December 2019, payments in respect of lease liabilities were £18,000. Finance costs recognised in relation to lease liabilities were £7,000. Outstanding lease liabilities of £19,000 are included within creditors due in less in one year as at 31 December 2019 (see note 13). Expenses of £5,000 relating to short term and low value leases are included within administrative expenses.

Total cash outflow for leases during 2019 was £18,000.

10. INVESTMENTS

	2019	2018
	£'000	£'000
Shares in Group Undertakings	**-**	83

As at 31 December 2019 and 31 December 2018, investments solely comprise equity shares held in Iconex (Germany) GmbH, a fellow Group Company incorporated in Germany with its registered office at Nextower, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main. Its principal activity is the sale and distribution of OEM laser toner cartridges within Europe. The Company owns 100% of the issued share capital, which is not publicly traded.

During the year ended 31 December 2019, the carrying value of the investment was fully impaired. The impairment charge of £83,000 is included within administrative expenses in the Statement of Comprehensive Income.

11. STOCKS

	2019	2018
	£'000	£'000
Finished goods	**745**	1,120
Raw materials	**1,779**	1,385
Work-in-progress	**13**	44
	2,537	2,549

Stocks are stated net of provisions for obsolescence amounting to £19,923 (2018: £36,328)

12. DEBTORS

	2019	2018
	£'000	£'000
Trade debtors	**4,015**	4,084
Amounts owed by Group undertakings:		
Debtors due to trading	**789**	10,223
Loans receivable	**6,208**	-
Prepayments and accrued income	**116**	36
	11,128	14,343

Trade debtors are shown net of allowances for expected credit losses amounting to £98,153 (2018: £89,375).

Trading balances owed by Group undertakings are unsecured, interest free and repayable on demand. During the year ended 31 December 2019, an agreement was signed allowing amounts owed by Group undertakings to be offset with amounts owed to the same counterparty.

Loans receivable from other Group undertakings are repayable on demand and bear interest at a per annum rate equal to the 1 month LIBOR.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Trade creditors	1,989	1,688
Amounts owed to Group undertakings:		
Trade creditors	7,947	8,000
Other creditors	437	308
Other tax and social security	547	524
Bank loan	-	150
Other creditors	-	1
Lease liabilities (see note 9)	19	-
Accruals and deferred income	427	1,683
	11,366	12,354

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand. Trade creditors represent amounts due to Group undertakings for purchases of goods and other creditors represent all other amounts due to Group undertakings.

Deferred income includes contract liabilities arising from product sales of £48,000 (2018: 265,000).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£'000	£'000
Amounts owed to Group undertakings	2,611	2,611
Bank loan	-	2,405
	2,611	5,016

The intercompany loan notes fall due in June 2022 are unsecured and accrue interest at 4.3% per annum.

On 12 March 2018, the Company entered into a credit agreement with Wells Fargo Bank. The credit agreement consisted of two elements – a term loan of £2,150,000 and a revolving line of credit with £2,897,000 available to the Company. For the period from 12 March 2018 to December 31, 2018 the interest rate on the term loan facility was based on LIBOR plus 2.5% and ranged from 4.22% to 4.90%. The interest rate in the revolving credit facility was based on LIBOR plus 1.75% and ranged from 3.53% to 4.26%. The facility was fully repaid and closed during 2019.

15. CALLED-UP SHARE CAPITAL

	2019	2018
Allotted, issued and fully paid:	£'000	£'000
1,301 ordinary £1 shares (2018: 1,301 ordinary £1 shares)	1	1

All shares rank pari passu in all respects.

On 31 December 2018, the Company issued 100 new £1 ordinary shares to its parent company, Receiptco (UK), Ltd. for a total consideration of £3,152,576. The consideration was settled via the novation to Receiptco (UK), Ltd. of the Company's $4,000,000 payable to Iconex LLC, a fellow Group company. This transaction formed part of a wider restructure of the Group.

16. SHARE PREMIUM ACCOUNT

Movements in share premium during the year ended 31 December 2019 were as follows:

	£'000
At 1 January 2018	1,126
Share issue on 31 December 2018 (see note 15)	3,153
At 1 January 2019	4,279
At 31 December 2019	**4,279**

17. OPERATING LEASES

As lessor:
The Company holds surplus office building space which is let to a third-party. The lease expired on 1 February 2020; both lessee and lessor has the right to terminate with six months written notice.

The Company had the following future minimum lease income under non-cancellable operating leases for each of the following periods:

	2019	2018
	£'000	£'000
No later than one year	**8**	86
Later than one year and no later than five years	**-**	8
Total	**8**	94

As lessee:
On 1 January 2019 the Company initially applied IFRS 16, the new leases accounting standard, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. Thus, the comparative future minimum lease payments presented are based on IAS 17 while the current year are based on IFRS 16.

The Company has the following minimum lease payments due under non-cancellable operating leases (under IAS 17):

	2019	2018
	£'000	£'000
No later than one year	**-**	21
Later than one year and no later than five years	**-**	33
Total	**-**	54

18. CONTINGENT LIABILITIES AND COMMITMENTS

The Company has no contingent liabilities as at 31 December 2019. During the year the Company released a provision of £30,000 relating to a potential historical waste disposal cost.

19. POST EMPLOYMENT BENEFITS

The Company provides a defined contribution scheme for its employees. The amount recognised as an expense for the defined contribution scheme in the year ended 31 December 2019 was £116,452 (2018: £62,523).

20. CONTROLLING PARTIES

The immediate parent undertaking is Receiptco (UK), Ltd.

The ultimate parent undertaking and the smallest and largest Group to consolidate these financial statements is Receiptco (UK) Holdings, Ltd. Copies of the Receiptco (UK) Holdings, Ltd. consolidated financial statements can be obtained from the Company Secretary at 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

The Company's ultimate controlling party at the balance sheet date was Atlas Capital GP II (Cayman) LP, 100 Northfield Street, Greenwich, CT 06830, which is a partnership in the United States of America.

21. TRANSACTIONS WITH RELATED PARTIES

The Company has taken advantage of the disclosure exemption requirement in IAS 24 Related Party Disclosures and is therefore not required to disclose related party transactions entered into between two or more members of a Group.

22. EVENTS AFTER BALANCE SHEET DATE

Since the year end the outbreak of the COVID-19 virus has brought uncertainty to global markets, national economies, and companies of all descriptions. The impact of the pandemic on the trade and operations of the Company and its subsidiaries have been described in the Strategic Report on page 2. Since June 2020, the Company has seen a strong upturn in trade and whilst it is early to predict the precise levels of trading, the directors believe based on the current information available that the Company has the ability to return to normal trading over the next 12 to 18 months.

23. EFFECT OF ADOPTION OF IFRS 16 – LEASES

As indicated in notes 2.1.1, 9 and 13, the Company has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.17.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease.

Practical expedients applied

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

• Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
• Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
• Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
• Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
• Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Lease liabilities recognised on adoption of IFRS 16 were not materially different to operating lease commitments disclosed as at 31 December 2018.