Agfa Graphics Limited

Annual report and financial statements

Registered number 5991659

31st December 2019

Contents

Strategic report
for the year ended 31st December 2019

The Strategic report is prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activities

The Company is a wholly-owned subsidiary of Agfa NV. Agfa NV is a wholly owned subsidiary of Agfa-Gevaert NV, a company listed on the Belgian stock exchange and part of the Agfa group which operates globally.

The principal activity of the Company is to electrochemically treat coils of rolled aluminium to create a functional aluminium substrate for the subsequent production of Lithostar and Thermofuse printing plates at another Agfa plant in France. In June 2020 the company announced a proposed closure of the UK plant as detailed in future developments and subsequent events in this report.

The management system of Agfa Graphics Ltd is compliant with ISO 9001:2015, ISO 14001:2004, BS OHSAS 18001:2007 and ISO 50001:2011. The whole management system is externally audited against these standards by LRQA.

Business model

Agfa Graphics Ltd adds value by altering the property of the surface of aluminium to enable it be used in the digital imagery market.

The Company procures rolled aluminium coils which are unwound mechanically and then degreased. The surface is then electrochemically and chemically treated before the metal is wound back into a coil; this process is performed on fully integrated production lines. The treatment to the surface enables the French Agfa plant to apply a coating to the surface of the aluminium before cutting into a plate format. These plates are sold to commercial printers who use them to transfer images onto another substrate (e.g. paper).

Business review and results for the year

Agfa Graphics Ltd supplies all of the substrate to make the worldwide demand for the Lithostar range of lithographic printing plates and a proportion of the substrate required to make the worldwide demand for the Thermofuse range. Lithostar ceased to be produced in 2019. Thermofuse is a range of Agfa products offering the end user (commercial printers) major environmental benefits. Thermofuse sales growth slowed markedly in 2019 but the proportion of the worldwide demand for this range allocated to the Leeds plant was increased as Agfa adjusted its worldwide product loading. In 2019 over 95% of the plant's volume loading was Thermofuse. Despite this, in December 2019 it was announced that our smaller production line would cease production with immediate effect and that unfortunately 13 employees would be made redundant in early 2020. Subsequent to the yearend close was the announcement in June 2020 of the proposed full site closure at Leeds.

The profit and loss accounts for the year end 31st December 2019 and balance sheet as at 31st December 2019 are shown on pages 11 & 12, respectively.

Principal risks and uncertainties

The Company is a member of a multi-employer UK defined benefit pension plan, which is currently in deficit. The UK pension plan has been closed to new members since 1st July 2002 and closed to further accruals on 31st December 2009. Deficit reduction contributions are being made under the terms of a repayment schedule agreed with the plan's Trustee and in 2011 a Special Purpose Vehicle investment was put in place to underpin part of the deficit. Any further significant adverse changes in the actuarial assumptions underlying the UK plan valuation and the Company's share of any deficit-reduction contributions made into the plan could materially impact the Company's trading results in the short term, although it is expected the other sponsoring employers will bare this risk in the longer term.

Strategic report *(continued)*

In 2020, the global COVID pandemic resulted in further reductions on product demand for the business and has led to the temporary closure of the Leeds site and the furloughing of the majority of the employees for much of the second and third quarters. It is expected this will have a significantly impact on 2020's sales volume prior to the proposed closure.

Key performance indicators

As Agfa Graphics Ltd only acts as a contract manufacturer within the Agfa business, the following key performance indicators allow the Directors to monitor and manage the effectiveness of the production process in delivering Agfa's annual requirements in an efficient, cost effective and safe manner.

Key financial performance indicators include the monitoring of the unit cost of added value per m² of output, whilst key non-financial performance indicators include the monitoring of employees' health and safety, reportable environmental incidents and our production yield losses.

	2018 Actual	2018 Target	**2019 Actual**	**2019 Target**	
Financial					**Measure**
Actual added value per m²/Target added value per m² (%)	100.3	100	**91.5**	**100**	Added value is all cost incurred in making saleable product excluding raw materials
Non-financial					
Lost time accident frequency rate	0	0	**6.28**	**0**	Lost time accidents / 1,000,000 hours worked
Injury severity rate	0	0	**0.82**	**0**	Days lost / accident
Serious environmental incidents	0	0	**0**	**0**	Incidents reported to the Environmental Agency that have an effect offsite
Production waste losses	4.08	3.75	**3.58**	**3.84**	% of material scrapped in process

The financial KPI result was positively affected by market decreases in energy pricing and the re-introduction of the selling of scrap aluminium, whilst further continued stringent cost controls in other areas helped to reduce the overall spend on added value.

The actual Production Waste Loss % was below the target set for 2019, and showed an improvement over 2018's performance. There were no major drivers behind this, although through our internal continuous improvement cycle the Company has put in modifications to help reduce the losses.

The non-financial KPIs show that in 2019 the site has its first recordable injury in 11 years. The HSE were made aware of the incident and took no actions against the Company after this unfortunate injury. The employee concerned is back at work.

There were no serious environmental incidents that had an effect offsite experienced in the year.

Directors' statement of compliance with duty to promote the success of the company

This statement by the Board of Directors describes how they have approached the responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the financial period ending 31st December 2019.

Strategic report *(continued)*

The Stakeholders of the business include employees, clients, neighbours and suppliers of the business.

The Board of Directors consider that they have acted in good faith to promote the success of the company on behalf of its stakeholders. in relation to the matters set out in s172 of the Act.

The Board of Directors monitor and review strategic objectives against the Agfa Group's long term growth plans. Regular reviews are held across key business areas, including; financial performance, risks and opportunities, Health & Safety, Environmental, Human Resources and operations. The company's performance and progress are reviewed regularly at site management review meetings. The company is externally audited to ensure its management system complies to the international management standards ISO 9001 (Quality) ISO 14001 (Environmental) ISO 50001 (Energy) and OHSAS 18001 (Occupational Health & Safety).

Future developments and subsequent events

Due to declining worldwide sales of Lithographic printing plates and the even steeper decline of Thermofuse plate sales, in June 2020 the parent company proposed to close down completely the Leeds plant and its sister plant in France with the loss of all remaining jobs in both locations. There is a technological barrier to the French plant producing anything other than water based coatings and the only water based coatings in the Agfa order book are Thermofuse. It has not been possible to create new water based products the market will accept. However, it is possible to produce the rump of the remaining Thermofuse products in the remaining plants in the Agfa setup.

The process of realising the closure is underway in both countries, however the process in France requires significantly more justification to meet local procedures and therefore it is expected to take longer before an agreement is finally reached on the future of their plant. In the meantime, the main commercial activities in Leeds will continue to be available to meet the production demand from the French Agfa plant. Assuming the process to close the plant in France is realised, it is expected production will cease immediately in the UK with the release of most of the employees. The remaining employees will be retained for a further short period to assist Agfa in ceasing all of Agfa Graphics Ltd trading activities in a safe and timely manner.

As a result of the expected closure of the site, the directors have prepared the accounting on the basis other than going concern. The impact on the financial statements is detailed in note 26 to the accounts.

By order of the board

Anthony Akroyd
Director

Date: 09/09/2020

Registered Office:
Coal Road,
Seacroft
Leeds
West Yorkshire,
LS14 2AL

Directors' report

Results for the year ended 31st December 2019

Proposed dividend

The directors do not recommend the payment of a dividend (2019: Nil)

Directors and their interests

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

Mr Anthony Akroyd
Mr Graham Cooper

Political contributions

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

Research and development

The main research and development work is performed by our parent company. When required supporting trials are performed by the Company

Financial risk management

The financial risk management of the Company including price, credit, liquidity and cash flow risk is managed by the parent company.

Directors' statement on engaging with stakeholders

The fundamental overriding principle in the governance of Agfa Graphics Ltd is that of ensuring transparent conduct which reflects fairness in all the dealings with employees, clients and suppliers. A testament to this, is reflected in the length of service of our employees and senior management team.

The company has a policy of equal opportunities in all aspects of employment. Employees are kept informed of matters of concern to them in a variety of ways, including newsletters, meetings and verbal communication to Staff. These communications help achieve a common awareness among employees regarding the performance of the company. The company's employees are important to the success of the business. The Board of Directors understand that it is critical to engage with and understand their views and to ensure that all employees interests are considered. Throughout the Company there is consultation between management and employees on matters of concern. The consultations evolve to meet the changing needs of the business and are considered valuable by both management and Staff. The policy of the company is to consult and discuss matters with employees and to resolve any problems in accordance with relevant procedures and legislation.

The company is committed to an equal opportunities policy in respect of serving customers and employing staff. Within this policy, Agfa Graphics Ltd endeavour to ensure that disabled Customers receive the same standards of service as all other customers, and that disabled employees and potential employees will be afforded the same treatment and opportunities as all other employees and potential employees.

The company's customers and suppliers are fundamental to the success of the business and it is essential that the company maintains its reputation of delivering high quality products to exacting standards. The company strives to continually improve and strengthen its solution delivery and customer service offering for the mutual benefit of all stakeholders.

The Company has adopted a policy of only dealing with creditworthy counterparties. Agfa Graphics Ltd takes an aggressive approach to debtor management and liaises closely with its client base to minimise any risk of non-payment of debts. The Company is part of a multi-national organisation with fund pooling arrangements which minimises exposure to foreign exchange risk.

Directors' report *(continued)*

The Board of Directors take environmental matters into consideration as part of their decision-making process, in order to minimise the company's impact on the environment wherever possible.

The Board of Directors intentions are to behave responsibly toward all stakeholders and to treat them fairly and equally, to ensure they all benefit from the long-term success of the company.

The directors receive guidance from Agfa Graphics Ltd.'s parent company when determining the company's purpose, values and strategy, whilst having responsibility for ensuring high standards of governance. The primary aim of the directors has been to promote the long-term sustainable success of the company, generating value for stakeholders. Despite these efforts the parent Company has had to take the difficult decision to look to close down the activities of Agfa Graphics Ltd and throughout this period, the directors will continue to review and challenge how the company can retain engagement with all stakeholders..

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 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.

Other information

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and events since the year end.

Auditor

MHA Moore and Smalley were re-appointed as auditor to the Company and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board

Anthony Akroyd
Director

Date: 09/09/2020

Registered Office:
Coal Road,
Seacroft
Leeds
West Yorkshire,
LS14 2AL

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 101 *Reduced Disclosure Framework*.

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;
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Agfa Graphics Limited

We have audited the financial statements of Agfa Graphics Limited (the 'company') for the year ended 31st December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2019, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to the going concern accounting policy which, along with the future developments and subsequent events section of the strategic report, explains that the company intends to cease trading and therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 26. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

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.

Paul Williams (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

10/09/2020

Profit and Loss Account and Other Comprehensive Income

for the year ended 31st December 2019

	Notes	2019 £'000	2018 £'000
Turnover	**2**	**61,958**	69,818
Cost of sales		**(52,564)**	(62,246)
Gross profit		9,394	7,572
Administrative expenses	**4**	**(8,868)**	(6,685)
- Normal		(2,241)	(2,208)
- Defined benefit pension contribution	20	(6,627)	(4,477)
Other operating income	**3**	**511**	324
Operating profit		1,037	1,211
Restructuring and Impairment Costs	7	**(2,631)**	-
Income from shares in group undertakings	**8**	**20**	20
Interest receivable and similar income	**9**	**97**	115
Interest payable and similar charges	**10**	**(116)**	(172)
Profit on ordinary activities before taxation		**(1,593)**	1,174
Tax on profit on ordinary activities	**11**	**(118)**	(199)
Profit for the financial year		**(1,711)**	975
Other comprehensive income		-	-
Comprehensive Income for the Year		(1,711)	975

The accompanying notes form part of the financial statements.

All activities are expected to be discontinued as explained in note 26.

Balance sheet
at 31st December 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets	12	**632**		3,888	
Investments in Related Parties	13	**4,000**		4,000	
Deferred Tax Asset	19	**303**		366	
			4,935		8,254
Current assets					
Stock	14	**2,914**		5,213	
Debtors	15	**23,591**		20,642	
Cash at bank and in hand	16	**3,767**		6,682	
Corporation Tax	11	**16**		107	
Total current assets		**30,288**		32,644	
Creditors : amounts falling due within one year	17	**(9,332)**		(14,554)	
Provisions	18	**(1,258)**		-	
Net current assets			**19,698**		18,090
Total assets less current liabilities			**24,633**		26,344
Net assets			**24,633**		26,344
Capital and reserves					
Called up share capital	21		**50,500**		50,500
Profit and loss account			**(25,867)**		(24,156)
Total shareholders' funds			**24,633**		26,344

The financial statements were approved by the Board of Directors on 09/09/2020 and were signed on its behalf by:

Anthony Akroyd
Director, Company registration number: 5591659.

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

at 31st December 2019

	Called up Share capital £'000	Profit and loss account £'000	**Total Equity £'000**
Balance at 1st Jan 2018	50,500	(25,131)	25,369
Profit and comprehensive income for the year ending 31st Dec 2018	**0**	975	975
Balance at 31st Dec 2018	**50,500**	**(24,156)**	**26,344**

	Called up Share capital £'000	Profit and loss account £'000	**Total Equity £'000**
Balance at 1st Jan 2019	50,500	(24,156)	26,344
Profit and comprehensive income for the year ending 31st Dec 2019	**0**	(1,711)	(1,711)
Balance at 31st Dec 2019	**50,500**	**(25,867)**	**24,633**

The accompanying notes form part of the financial statements.

Notes to the financial statements
forming part of the financial statements

1 Principal accounting policies

Accounting policies

Agfa Graphics Ltd (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Agfa-Gevaert NV includes the Company in its consolidated financial statements. The consolidated financial statements of Agfa-Gevaert NV are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Septestraat 27, 2640 Mortsel, Belgium. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel; and
- The effects of new but not yet effective IFRSs.

The Company is exempt by virtue of s.400 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Going Concern

In determining whether the Company's 2019 accounts can be prepared on a going concern basis, the directors considered all factors likely to affect its future performance and its financial position, including uncertainties relating to cash flows, liquidity position and its trading activities. The key factor considered by the directors was the proposed closure of the plant as detailed in the strategic report.

The directors have a reasonable expectation that the Group Company has adequate resources to continue in operational existence for the period required before the proposed closure of the production facility occurs. However, in accordance with IAS 10, the directors have made adjustments to these financial statements to prepare them on a non-going concern basis as detailed in note 26 of the financial statements.

Notes *(continued)*

1 Principal accounting policies *(continued)*

Foreign currencies

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.

Operating leases and right of use assets

The intention before the potential closure announcement was to implement IFRS16 fully to account for the operating leases held by Agfa Graphics Ltd. As a result of the announcement, for a true and fair override of the accounts the Directors have decide to dis-apply IFRS16 and will revert to the expenses showing payments (excluding costs for services and insurance) made under operating leases as recognised in the profit and loss account on a straight-line basis over the term of the lease.

Given the property lease entered into with Luithagen NV from 1st January 2018 for a period of 10 years is between two wholly owned Agfa subsidiaries it is assumed that the lease can be mutually terminated at no penalty to either party, if required. Therefore, due to the announcement of the possible closure of the site, no commitments have been shown for any period over one year for Land and Buildings.

Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

The value impact if IFRS16 had it have been implemented into the accounts has been shown in note 26.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

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 of tangible fixed assets.

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:

• Buildings	Up to 50 years
• Plant and Equipment	10 to 20 years
• Furniture and Fixtures	5 years
• Motor Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes *(continued)*

1 Principal accounting policies *(continued)*

As a result of the announcement of the potential closure of the site, the directors undertaken an impairment review. Consequently, an impairment charge has been recognised to reduce the net book values to their estimated remaining value in use and residual value

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

The Company participates in a group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, and the Company pays a non-contractual contribution towards the scheme each year. Under IAS 19, paragraph 41, this is accounted for as a cost equal to the contribution payable for the period.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes *(continued)*

1 Principal accounting policies *(continued)*

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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Turnover

Turnover comprises of revenue in relation to the sale of aluminium substrate materials for the subsequent production of lithographic printing plates at another Agfa plant in France. Turnover is recognised at the point of sale or on provision of a service.

Critical accounting estimates and judgements

Due to the proposed closure of the plant, these accounts have been prepared on a non-going concern basis in accordance with IAS10. A number of assumptions and estimates have been required in preparing the accounts on this basis, which are detailed in note 26 of the financial statements.

2 Turnover

The total turnover of the Company has been mainly derived from its principal activity of sales of substrate within the Agfa group, although the introduction of an additional small volume building related aluminium product has been sold to 3rd party customers in the United Kingdom.

	2019 **£000**	2018 £000
Sale of goods in the United Kingdom	**197**	180
Sale of goods in Continental Europe	**61,761**	69,638
Total turnover	**61,958**	69,818

3 Other operating income

	2019 **£000**	2018 £000
Release of unused provisions	**72**	1
Sundry Income – 3rd Party	**50**	6
Sundry Income - Group	**389**	317
Total other operating income	**511**	324

Notes *(continued)*

4 Expenses and auditor's remuneration

	2019 £000	2018 £000
Audit of these financial statements	**14**	14

5 Employee information and staff costs *(including directors)*

	2019 £'000	2018 £'000
Wages and salaries	**3,836**	4,106
Social security costs	**383**	413
Defined contribution pension scheme costs (see note 20)	**279**	272
Apprentice Levy	**15**	14
	4,513	4,805

The average monthly number of persons employed by the Company during the year was analysed by category, was as follows:

	2019 Number	2018 Number
Directors	**2**	2
Management, administration and support staff	**23**	25
Production and maintenance labour	**70**	73
	95	100

6 Remuneration of directors

	2019 £'000	2018 £'000
Directors' emoluments		
Aggregate emoluments	**177**	175
Pensions	**11**	10
	188	185

Both directors are paid by the Company *(2018: both paid by the Company).*

No directors have retirement benefits accruing to them under a defined benefit pension scheme.

Retirement benefits are accruing to both *(2018: 2)* directors under a defined contribution pension scheme.

The directors are considered to be the key management personnel of the company and total key management personnel compensation for the year was £208,885 (2018: £206,734).

Notes *(continued)*

7 Restructuring

In December 2019 the company announced that our smaller production line would cease production with immediate effect and that unfortunately 13 employees would be made redundant in early 2020. In June 2020 the company announced the proposed full site closure at Leeds. The assets relating to then smaller line were scrapped and an impairment loss recognised in respect of their previous carrying amount whilst a further impairment loss has been recognised for the remaining assets to reduce the net book values to their estimated remaining value in use and residual value. To the extent that the employees off the smaller line could not be redeployed, redundancy terms were agreed. The remaining employees affected by the full site closure have yet to agree redundancy terms.

	2019 **£000**
Impairment loss recognised in respect of assets	**2,631**
Redundancy costs	**1,258**
Group reimbursement of redundancy costs	**(1,258)**
	2,631

The redundancy costs have been reimbursed in full by Agfa NV and this has been reflected as such in the profit and loss accounts for the year end 31st December 2019 as shown on page 11.

8 Income from other fixed asset investments

	2019 **£'000**	2018 £'000
Dividend receivable from group company investments	**20**	20

9 Interest receivable and similar income

	2019 **£'000**	2018 £'000
Interest receivable from third parties	**-**	1
Interest receivable from group companies	**97**	114
	97	115

10 Interest payable and similar charges

	2019 **£'000**	2018 £'000
Interest payable to third parties	**50**	100
Interest payable to group companies	**66**	72
	116	172

The effect of not implementing IFRS16 on the interest payable charges can be seen in note 26.

Notes *(continued)*

11 Taxation

Recognised in the profit and loss account

	2019 £000	£000	2018 £000	£000
UK corporation tax				
Current tax on income for the period	55		51	
Adjustments in respect of prior periods	-		(3)	
Total current tax		55		48
Deferred tax (see note 18)				
Origination and reversal of temporary differences	54		170	
Under / (over) provided in prior years	13		19	
Reduction in tax rate	(4)		-	
Total deferred tax		63		151
Tax on profit on ordinary activities		118		199

Reconciliation of effective tax rate	**2019 £000**	2018 £000
Profit for the year	**343**	975
Total tax expense	**(118)**	(199)
Profit on ordinary activities before taxation	**461**	1,174
Total R&D Expenditure Credit	**-**	-
Taxable Profit	**461**	1,174
Tax using the UK corporation tax rate of 19.00% *(2018: 19.00%)*	**(88)**	(223)
Reduction in tax rate on deferred tax balances	**4**	19
Non-deductible expenses	**(25)**	(3)
Income not taxable	**4**	4
Current year losses for which no deferred tax asset was recognised	**-**	-
Under / (over) provided in prior years	**(13)**	4
Total tax expense	**(118)**	(199)

Corporation tax asset	**2019 £'000**	2018 £'000
Corporation tax asset – Current Year	(55)	43
Corporation tax asset – Previous Years	71	64
	16	107

Notes *(continued)*

11 Taxation *(continued)*

A reduction in the UK Corporation Tax rate to 17% (effective from 1st April 2020) was substantially enacted on 6th September 2018. This was expected to reduce the Company's future current tax charge accordingly. The deferred tax asset at 31st December 2019 has been based on these rates. On 17th March 2020, the UK Government passed a resolution that had statutory effect under the Provisional Collection of Taxes Act 1968 to maintain the current corporation tax charge of 19%. No adjustment has been made to the asset at the balance sheet date but if the amended rate had been used, the deferred tax asset would have been £35,742 higher.

12 Tangible fixed assets

	Land and buildings £'000	Plant and Equipment £'000	Fixtures and fittings £'000	Under Construction £'000	Total £'000
Cost					
Balance at 1st January 2019	441	10,055	13	2,013	12,522
Other Acquisitions	-	(936)	-	557	(379)
Transfers	213	1,952	-	(2,165)	-
Disposals	-	-	-	-	-
Balance at 31st December 2019	**654**	**11,071**	**13**	**405**	**12,143**
Depreciation and Impairment					
Balance at 1st January 2019	**299**	**8,322**	**13**	-	**8,634**
Depreciation charge for the year	38	323	-	-	361
Impairment charge for the year	254	1,885	-	377	2,516
Disposals	-	-	-	-	-
Balance at 31st December 2019	**591**	**10,530**	**13**	**377**	**11,511**
Net book value					
At 31 December 2019	**63**	**541**	-	**28**	**632**
At 31 December 2018	142	1,733	-	2,013	3,888

An impairment charge has been taken in the year to reflect the true value of the tangible fixed assets given the potential site closure. The resulting Net Book Value takes into consideration the depreciation to be charged in 2020 under the normal accounting principles as previously stated, as well as a realistic market resale value of the assets at the point that the closure may occur.

The effect of not implementing IFRS16 on the tangible fixed assets can be seen in note 26.

Included within plant and equipment is £194,011 *(2018: £173,870)* of assets under construction and maintenance spares awaiting issue.

Notes *(continued)*

13 Fixed asset investment

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership 2019	Ownership 2018
Agfa-Gevaert (Scots) Limited Partnership, Registered Offices: 3-5 Melville Street, Edinburgh, EH3 7PE.	Scotland, UK	Fixed rate note	10%	10%

The Company has an interest in the partnership, Agfa-Gevaert (Scots) Limited Partnership (SLP), which is fully consolidated into the parent company group accounts. The group has taken advantage of the exemption conferred by regulation 7 of the Partnership (Accounts) Regulations 2008 and has therefore not appended the accounts of this qualifying partnership to these accounts. The Company's interest is comprised of a £4m investment in the partnership which was made on 20th July 2011. In 2019 this investment yielded a £20,000 dividend.

The Company acts as General Partner in the SLP, which holds notes to the value of £40m in Agfa Finco NV. These notes are backed by Third Party Receivables from several of the European Agfa Graphics Selling Organisations, with Agfa Finco NV holding a minimum of 120% over collateralisation. If the Agfa Group were to give rise to any default or securitisation event effectively the Agfa UK Pension Scheme has the ability to appoint a new General Partner to replace Agfa Graphics Ltd and subsequently the Servicer of the receivables, with the aim of recovering its partnership capital to a maximum of £39.4m.

In 2020 it is expected the partnership will be dissolved and the £4m investment in the partnership will be refunded to Agfa Graphics Ltd in full.

14 Stocks

	2019 £000	2018 £000
Raw materials and consumables	**2,267**	3,328
Finished goods	**237**	1,312
Maintenance Spares	**410**	573
	2,914	5,213

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £41,406k *(2018: £50,064k)*.

15 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	**57**	62
Amounts owed by group undertakings	**13,211**	10,115
Taxation debtors	**99**	242
Unsecured loans due from fellow group companies	**10,000**	10,000
Prepayments and accrued income all due within one year	**224**	223
Total Debtors	**23,591**	20,642

The unsecured loan due from fellow group companies of £10,000,000 was lent out on 31st December 2019, and an amount of £10,006,028 was repaid on 31st January 2020.

Notes *(continued)*

16 Cash and cash equivalents/ bank overdrafts

	2019 £000	2018 £000
Cash at bank and in hand	**46**	6
Cash and cash equivalents held with fellow group undertakings	**3,721**	6,676
Total Cash and cash equivalents	**3,767**	6,682

17 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	**2,368**	9,329
Amounts owed to group undertakings	**554**	179
Taxation and Social Security	**98**	106
Overdraft held with fellow group undertakings	**5,888**	4,096
Other financial liabilities	**-**	-
Other Creditors	**133**	208
Accruals and deferred income	**291**	636
	9,332	14,554

Overdraft held with fellow group undertakings are included in a short term credit facility which are denominated in sterling. The interest rate is based on the actual number days over a year of 365 days at LIBOR for the relevant tenor plus 325 basis points per annum. On 31st May 2012, the Company entered into a short term credit facility with Agfa Gevaert NV. The facility provided a net aggregate £8,000,000 facility. This facility can be cancelled by giving one month's notice.

The Company has not entered into any interest rate hedges during the course of the year and did not have any interest rate hedges in place at year end (2018: None).

The effect of not implementing IFRS16 on creditors can be seen in note 26.

18 Provisions

	2019 £'000	2018 £'000
Restructuring Provision	**1,258**	-

Movement in provisions during the year

	1 January 2019 £000	Additions in the year £000	Utilised in the year £000	31 December 2019 £000
Restructuring Provision	-	1,258	-	**1,258**

The restructuring provision relates to redundancy costs incurred on the closure of the smaller production machine (see note 7). As at 31 December 2019 none of the affected employees had left the company's employment, with them all departing in January 2020.

Notes *(continued)*

19 Deferred tax asset

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £000	2018 £000	Liabilities 2019 £000	2018 £000	Net 2019 £000	2018 £000
Tangible fixed assets	**276**	346	-	-	**276**	346
Provisions	**27**	8	-	-	**27**	8
R&D Expenditure Credit	-	12	-	-	-	12
Net tax assets / (liabilities)	**303**	366	-	-	**303**	366

Movement in deferred tax during the year

	1 January 2019 £000	R&D Expenditure Credit Restrictions £000	Recognised in income £000	31 December 2019 £000
Tangible fixed assets	346	-	(70)	**276**
Provisions	8	-	19	**27**
R&D Expenditure Credit	12	-	(12)	-
	366	-	(63)	**303**

Movement in deferred tax during the prior year

	1 January 2018 £000	R&D Expenditure Credit Restrictions £000	Recognised in income £000	31 December 2018 £000
Tangible fixed assets	519	-	(173)	346
Provisions	-	-	8	8
R&D Expenditure Credit	50	(52)	14	12
	569	(52)	(151)	366

Notes *(continued)*

20 Pension commitments

The pension cost figures included in the accounts relating to the Company's participation in these pension schemes are stated in accordance with the requirements of IAS 19 "Employee Benefits".

Defined benefit pension scheme

The Company is a member of a group pension scheme providing benefits based on final pensionable pay.

The group pension scheme was closed to new entrants with effect from 1st July 2002. The ultimate parent company, Agfa-Gevaert N.V., announced that after a period of consultation with the scheme members, the decision was taken to close the defined benefit pension scheme to further accruals from 31st December 2009.

The defined benefit pension scheme is accounted for in full by Agfa-Gevaert NV in its consolidated financial statements. The consolidated financial statements of Agfa-Gevaert NV are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Septestraat 27, 2640 Mortsel, Belgium.

Under FRS101 accounting at 31st December 2019 an independent actuary valued the scheme as having a net liability of £85,991k (2018: £89,969k).

The assets of the scheme are held separately from those of the Company, and the Company pays a non-contractual contribution towards the scheme each year.

Under IAS 19, paragraph 41, the Defined Benefit Pension scheme is accounted for as a cost equal to the contribution payable for the period by the Company. As the scheme has been closed to new entrants and further accruals for several years, the scheme membership is no longer relevant to the split of the group's sponsoring companies and therefore sufficient information is not available to enable the Company to account for the scheme as a defined benefit plan.

The current allocation of the Company's contribution made is fixed at 37% of the total group's contribution. This figure was calculated by an independent actuary, being based on the relevant headcount split of the scheme membership for each group company sometime before the scheme was closed to future accruals.

Funding

The cash contributions for the period from the Company were £6,626,971 *(2018: £4,474,000)*. The increase over the previous year was due to additional contributions to complete the Enhanced Transfer Value exercise the scheme carried out over the second half of 2018 and concluded in early 2019.

Under the previous repayment plan the Company expected to pay £3,737,000 in contributions to its defined benefit plans in 2020, however a new repayment plan to meet the scheme's funding levels at 31st March 2019 was agreed in June 2020. For the total group the plan consists of a one-off lump sum contribution of £20 million in July 2020, followed by an annual contribution of £20.6 million payable quarterly in January, April, July and October starting in July 2020 until June 2025. In addition to these contributions the group has agreed to unwind the Agfa-Gevaert (Scots) Limited Partnership (SLP) by making a one-off payment of £40 million to the Plan in July 2020.

Given the new plan, the Company now expects to pay £13,116,500 in contributions in 2020 and a further £14.8 million as the Company's share in exchange for the unwinding of the SLP.

There is currently no contractual agreement or stated policy for charging these net defined benefit costs.

Defined contribution pension scheme

The Company operates a defined contribution pension scheme.

The total expense relating to these plans in the current year was £279,243 *(2018: £273,536)*. Contributions amounting to £ nil *(2018: £ nil)* were payable to the scheme at the year end.

Notes *(continued)*

21 Share capital

	No. of Shares Number '000	Nominal Value £'000
Ordinary shares of £1 each		
Authorised:		
At the start and end of the year	50,500	50,500
Allotted, called up, and fully paid:		
At the start and end of the year	**50,500**	**50,500**

22 Operating leases and right to use assets

Non-cancellable operating lease rentals are payable as follows:

	2019		2018	
	Land and Buildings £'000	**Other £'000**	Land and Buildings £'000	Other £'000
Operating lease expiring:				
Less than one year	**906**	7	906	24
Between one and five years	-	-	3,624	17
More than five years	-	-	3,624	-
Total	**906**	7	8,154	41

Given the property lease entered into with Luithagen NV from 1st January 2018 for a period of 10 years is between two wholly owned Agfa subsidiaries it is assumed that the lease can be mutually terminated at no penalty to either party, if required. Therefore, due to the announcement of the possible closure of the site, no commitments have been shown for any period over one year for Land and Buildings.

Other commitments relate to forklift trucks.

Previously IT equipment was also reported with future lease rentals under the category of Other, however for several years these lease agreements have been managed at Group level and they have been decided that from 1st January 2020 the rental costs would no longer be re-distributed to each Agfa subsidiary.

If IFRS16 had been implemented both the Property and Forklift Trucks leases reported in this note would have been treated as Right of Use Assets and would have been shown elsewhere in the accounts. This would have resulted showing a £ nil commitment under Operating Leases at 31st December 2019.

The overall effect of removing the IFRS16 can be seen in note 26.

23 Commitments

Capital commitments

The Company is committed to incur capital expenditure of £1,016 *(2018: £178,979)*.

Notes *(continued)*

24 Related party transactions

The Company has taken advantage of the exemptions contained within FRS101.8(k) from disclosing related party transactions between two or more parties of the group of which Agfa Graphics Limited is a member, provided each party is a wholly owned member of that group.

25 Controlling party

The Company's ultimate parent undertaking, Agfa-Gevaert NV includes the Company in its consolidated financial statements. The consolidated financial statements of Agfa-Gevaert NV are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Septestraat 27, 2640 Mortsel, Belgium.

26 Critical accounting estimates and judgements

Basis of accounts preparation as a result of a post balance sheet event

After the balance sheet date, but before the approval of the accounts, a proposal was made by the parent company to close the operations within Agfa Graphics Limited with the loss of all remaining jobs. In accordance with IAS 10, these accounts are prepared on a non-going concern basis and in their preparation a number of key judgements have been required as detailed in this note.

Right of use assets

The directors have chosen to disapply IFRS16 in these financial statements on the basis that the only material operating lease held by the company is one with a sister company. The expectation of the directors is that the company will be released from the remainder of their lease agreement which runs to 31st December 2027. In order to show a true and fair position, the directors have not recognised the asset, liabilities, depreciation and interest payable in respect of this lease, and have disclosed the estimated operating lease commitment until the expected site closure in note 22 of the financial statements.

Had the directors reflected these assets as right of use assets, the balances reflected in the financial statements would have been as follows:

Description	Debit (£'000)	Credit (£'000)
IFRS 16 Asset Cost	7,133	
IFRS 16 Asset Depreciation-Balance Sheet		802
IFRS 16 Liability less than 1 year		727
IFRS 16 Liability greater than 1 year		5,696
IFRS16 Depreciation Expense	802	
IFRS 16 Lease Expense		918
IFRS 16 Interest Expense	208	

Notes *(continued)*

26 Critical accounting estimates and judgements *(continued)*

Fixed assets

Following the announcement, the directors have assessed the value in use of the remaining tangible fixed assets held by the company on the basis that the factory is expected to cease production in late 2020. This has included an assessment of the residual value of assets by the directors.

Accordingly, an impairment charge has been recognised in the period of £2,631k in respect of assets held. Fixed assets continue to be held as non-current assets and any disposals will be recognised in the subsequent accounting period when they are expected to occur.

The investment held in in the partnership Agfa-Gevaert (Scots) Limited Partnership (SLP) also remains as a fixed asset at the balance sheet date. In view of the announcement of closure, the intention is for this partnership to be dissolved and the investment value will return to Agfa Graphics Limited. This was not the intention at the balance sheet date, and therefore the investment remains as a fixed asset.

Stock

The directors have also revisited their stock balances held and made an assessment of aged balances held at 31st December 2019, in light of the proposal to close production in Leeds. The directors believe stock to be held at the lower of cost and net realisable value at 31st December 2019.

Redundancy provision

Although the expectation is that all remaining staff will leave the company within 12 months of the balance sheet date, no provision has been made at 31st December 2019 as there was no commitment for these amounts at that date, as the announcement was only made in June 2020. Consultation remains ongoing and therefore there is no estimate of such liabilities at the time of approval of the accounts.

No further adjustments have been made to the financial statements as a result of preparing accounts on a non-going concern basis. All activities are considered to be discontinued.