Company Registration No. 00248918 (England and Wales)

HUHTAMAKI BCP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

HUHTAMAKI BCP LIMITED

COMPANY INFORMATION

Directors	T Iitti A Hesp P Covill
Company number	00248918
Registered office	Crompton House Nuttalls Way Shadsworth Business Park Blackburn Lancashire BB1 2JT
Auditor	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY
Bankers	Nordea Bank AB 8th Floor, City Place House 55 Basinghall Street London EC2V 5NB

HUHTAMAKI BCP LIMITED

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HUHTAMAKI BCP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present the Strategic Report for the year ended 31 December 2018.

Fair review of the business
Revenue has increased by 7.5% (2017: 9.7%) to £22,397,946 during the year (2017: £20,832,232).

The business continues to focus on profitable growth within the core foodservice market and achieve sales growth, while maintaining a strong operating profit performance during the year. Capital investment continues to be made to support the future growth of the business.

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to some risk.

The key business risks and uncertainties affecting the Company are considered to relate to the competitive nature of the market within which it operates. Other specific risks are as follows:

Revenue is generated principally from the UK and Europe. There is an on-going risk from the value of sterling, primarily against the Euro, to the competitiveness of the Company's products in Europe. The Company continually looks for improved procurement and efficiency gains to maintain its competitiveness in all its markets.

The nature of the trade also gives exposure to change in certain commodity and energy prices, along with changes in political and social responsibility awareness of the markets and consumers.

The Company's policy is to finance working capital or fixed assets through retained earnings or through borrowings at prevailing market interest rates. Since the counterparty to all borrowings is a group company, there are minimal credit and liquidity risks as regards these transactions.

Key performance indicators
The Directors continually review the most appropriate and effective measures of the Company's progress towards achieving its strategies and objectives. The following measures are continually monitored:

	2018	2017
Gross margin (%)	34	35
EBIT margin (%)	5	7

The Company has been affected by higher raw material prices and weakened Sterling, in addition the Company has been investing in machinery to future proof the margins.

Andrew Hesp

A Hesp
Director

2nd December 2019.

HUHTAMAKI BCP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the Company continued to be that of manufacturing paper packaging for the cosmetics, food and drinks industries.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

T Iitti

A Hesp

P Covill (appointed 20th August 2018)

R Stapleton-Harris (resigned 9th February 2018)

Results and dividends
The profit for the year, after taxation amounted to £1,876,213 (2017: £1,202,799). The Directors do not recommend a final dividend (2017: £NIL).

No ordinary dividends were paid.

Going concern
After making appropriate enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

Research and development
The Company undertakes significant research and development for the benefit of the overall group. The Company is committed to research and development activities to maintain and improve upon its commitment to quality and innovation.

Disabled persons
The Company's policy is to recruit disabled workers for those vacancies that they can fill. All necessary assistance with initial training courses is given once employed. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement
The Company's policy is to consult and discuss with employees, through the Works Council and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through regular meetings, formal consultations and information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Post reporting date events
There have been no significant events affecting the Company since the year end.

Future developments
The Directors aim to continue improving efficiencies and achieving sustainable and profitable growth throughout the coming year. These policies have resulted in a continued strong financial performance in an increasingly competitive market. We are monitoring developments in regards to Brexit, but no issues other than logistical impacts have been identified so far, and the Company now has AEO status which we believe will aid to mitigate the impact.

HUHTAMAKI BCP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

Andreas Hesp

A Hesp
Director

2nd December 2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards including FRS101 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 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.

Opinion

We have audited the financial statements of Huhtamaki BCP Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22, 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 FRS 101 "Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 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 the 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 or 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 4, 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/auditorsresponsibilities. 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.

Tehseen Ali (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

2nd December 2019.

HUHTAMAKI BCP LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018 £000**	2017 £000
Revenue	3	**22,397,946**	20,832,232
Cost of Sales		**(14,763,971)**	(13,516,475)
Gross Profit		**7,633,975**	7,315,757
Administrative expenses		**(6,409,533)**	(5,943,980)
Other operating income		**-**	144,661
Operating profit	4	**1,224,442**	1,516,438
Interest receivable and similar income	8	**16,343**	7,380
Profit on ordinary activity before taxation		**1,240,785**	1,523,818
Taxation	9	**635,428**	(321,019)
Profit for the financial year		**1,876,213**	1,202,799

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than the results shown in the Income Statement for the year ended 31 December 2018 or for the year ended 31 December 2017 hence no separate Statement of Comprehensive Income has been prepared.

HUHTAMAKI BCP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	10	**1,994,631**	2,161,389
		1,994,631	2,161,389
Current assets			
Inventories	11	**2,968,711**	1,856,843
Trade and other receivables	12	**12,470,095**	10,580,824
Cash at bank and in hand		**1,461,498**	1,706,766
		16,900,304	14,144,433
Creditors: amounts falling due within one year	13	**(5,565,717)**	(4,765,297)
Net current assets		**11,334,587**	9,379,136
Provisions for liabilities	14	**(24,466)**	(111,986)
Net assets		**13,304,752**	11,428,539
Capital and reserves			
Called up share capital	18	**8,066**	8,066
Share premium	19	**7,614**	7,614
Capital redemption reserve	19	**325,000**	325,000
Retained earnings		**12,964,072**	11,087,859
Total equity		**13,304,752**	11,428,539

The notes on pages 10 to 24 are an integral part of these Financial Statements

The financial statements were approved by the board of Directors and authorised for issue on 2nd December 2019.and are signed on its behalf by:

P. Covill

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P Covill
Director

Company Registration No. 00248918

HUHTAMAKI BCP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total
Balance at 1 January 2017	8,066	7,614	325,000	9,885,060	10,225,740
Year ended 31 December 2017:					
Profit and total comprehensive income for the year	-	-	-	1,202,799	1,202,799
Balance at 31 December 2017	8,066	7,614	325,000	11,087,859	11,428,539
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	1,876,213	1,876,213
Balance at 31 December 2018	8,066	7,614	325,000	12,964,072	13,304,752

1 Accounting policies

Company information

Huhtamaki BCP Limited (the "Company") is a private company limited by shares incorporated in England and Wales. The registered office is Crompton House, Nuttalls Way, Shadsworth Business Park, Blackburn, Lancs, BB1 2JT.

1.1 Accounting convention

The financial statements of Huhtamaki BCP Limited for the year ended 31 December 2018 were authorised for issue by the board of directors on 2nd December 2019.

These financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with FRS 101 'Reduced Disclosure Framework' "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 101") and the requirements of the Companies Act2006.

The Company has gained consent from its shareholders to use the Reduced Disclosure Framework.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- The requirements of IFRS 7 Financial Instruments: Disclosures, the equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated.
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, the equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated.
- The requirements of 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
    - Paragraph 118(e) of IAS 38 Intangible Assets
- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 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 paragraph 17 of IAS 24 Related Party Disclosures
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.2 Changes in Accounting Policies – New Standards

The company applied IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' for the first time effective 1 January 2018. Details of the new accounting policies applied under both of these standards are set out below.

IFRS 9 replaces IAS39 'Financial Instruments: Recognition and Measurement' and it applies to all three aspects of financial instruments: classification and measurement; impairment; and hedge accounting. The company applied IFRS 9 retrospectively.

1 Accounting policies (Continued)

1.2 Changes in Accounting Policies – New Standards (continued)

The effect of the transition on the current and prior period is not considered to be material to the financial statements of the company, and accordingly no adjustment is required to the comparative balances reported in these financial statements.

IFRS 15 'Revenue from contracts with customers' supersedes IAS 11 'Construction Contracts' and IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The company adopted IFRS 15 using the full retrospective method of adoption. The effect of the transition on the current and prior period is not considered to be material to the financial statements of the company, and accordingly no adjustment is required to the comparative balances reported in these financial statements.

1.3 Going concern

After making appropriate enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing financial statements.

1.4 Revenue

Revenue from the sale of foodservice packaging is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods at the customers location. The normal credit terms are 30 to 120 days upon delivery. Since the Company has historically low bad debts, measurement and recording is at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

1.5 Research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefit and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

1.6 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.

The Company adds to the net book value of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The net book value of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

1 Accounting policies (Continued)

1.6 Tangible fixed assets (continued)

Depreciation is recognised so as to allocate the cost of assets less their residual value over their estimated useful lives. The Company reviewed their depreciation methods in 2017 and changed them to straight line from reducing balance as they believed this represents a better method for calculating the residual value over the estimated useful live of the assets. In addition, the treatments are now consistent within the Company and wider Group.

Leasehold improvements	20% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	20% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

Gains and losses on disposals are determined by comparing the proceeds with the net book value and are recognised within 'other operating income' in the Income Statement.

1.7 Inventories

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

At each Statement of Financial Position date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The Group has adopted IFRS 9 'Financial Instruments' with a date of initial application of 1 January 2018. IFRS 9 'Financial Instruments' replaces IAS 39 and impacts upon the classification and measurement of financial instruments and will require certain additional disclosures. Management have confirmed that there are no changes as a result of adopting IFRS 9.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal

1. Accounting policies (Continued)

1.9 Financial instruments (continued)

amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Company's financial assets at amortised cost includes trade receivables, amounts owed by parent undertakings and other receivables.
The Company does not have financial assets at fair value through OCI or financial assets at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

1 Accounting policies (Continued)

1.9 Financial instruments (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, amounts owed to parent undertakings and accruals.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)
- Financial liabilities at amortised cost

After initial recognition, liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The company has no financial liabilities at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.10 Taxation

Tax is recognised in the Income Statement except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the Company operated and generates income.

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that Directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the Statement of Financial Position date.

1 Accounting policies (Continued)

1.11 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provisions carried in the Statement of Financial Position.

1.12 Retirement benefits

Money purchase pension plan

The Company operates a money purchase plan for its employees. A money purchase plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.14 Foreign exchange transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'.

1.15 Trade and other receivables

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

1.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

We have not identified any significant judgements or key sources of estimation uncertainty.

3. Revenue

An analysis of the Company's revenue is as follows:

	2018	2017
	£	£
Sale of Goods	22,397,946	20,832,232

Other significant revenue

Interest Income	16,343	7,380

Revenue analysed by geographical market

	2018	2017
	£	£
United Kingdom	15,515,122	14,423,993
Europe	5,733,881	5,202,262
Rest of World	1,148,943	1,205,977
	22,397,946	20,832,232

4. Operating profit

Operating profit for the year is stated after charging:

		2018	2017
		£	£
Exchange losses		1,166	2,177
Research and development costs		20,519	14,431
Depreciation of owned tangible fixed assets	(Note 10)	439,036	633,810
Loss on disposal of tangible fixed assets		249,157	7,325
Cost of inventories recognised as an expense		5,606,932	5,204,251
Operating lease charges		529,231	436,881

5. Auditor's remuneration

Fees payable to the Company's auditor and associates:

	2018	2017
	£	£
For audit services		
Audit of the Company's financial statements	33,930	38,923

6. Employees

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2018	2017
	Number	Number
Production	108	96
Sales and distribution	18	18
Administration	33	31
Maintenance	7	7
	166	152

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	5,221,624	5,591,277
Social security costs	530,976	482,218
Pension costs	80,746	73,783
	5,833,346	6,147,278

7. Director's remuneration

	2018	2017
	£	£
Wages and salaries	181,109	40,587
Company contributions to pension scheme	2,792	786
	183,901	41,373
Members of money purchase pension scheme	2	2

8. Interest receivable and similar income

	2018	2017
	£	£
Interest receivable from group companies	16,343	3,380
Interest receivable from external companies	-	4,000
	16,343	7,380

9. Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	-	375,242
Adjustments in respect of prior periods	(547,908)	(9,582)
Total current tax	(547,908)	365,660
Deferred tax		
Origination and reversal of timing differences	(57,619)	(44,641)
Adjustments in respect of prior periods	(29,901)	
Total tax charge/(credit)	(635,428)	321,019

	2018	2017
	£	£
Profit before taxation	1,240,785	1,523,818
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017:19.25%)	235,749	293,335
Tax effect of expenses that are not deductible in determining taxable profit	3,324	(1,380)
Fixed assets differences	1,457	59,255
Rate change	6,779	-
Deferred tax not recognised	(29,901)	-
Adjustments to tax charge in respect of previous periods*	(547,908)	-
Deferred tax adjustments in respect of prior years	-	(44,641)
Group relief received for nil consideration	(304,928)	-
Other differences	-	14,450
Taxation for the year	(635,428)	321,019

*relates to group relief received for nil consideration in relation to 31 December 2017 corporation tax charge

9 Taxation (continued)

Factors that may affect future tax charges

The Finance (No. 2) Act 2015 reduced the rate of corporation tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2020. In the 2016 Budget, it was announced that the rate of corporation tax from 1 April 2020 will be reduced further to 17%. This rate received Royal Assent on 15 September 2016. As such the temporary differences are expected to reverse at the main rate of UK corporation tax of 17%, being the rate enacted at the Statement of Financial Position date, and deferred tax has therefore been provided at this rate.

10 Tangible fixed assets

	Leasehold improvements	*Assets under construction*	*Plant and Machinery*	*Fixtures, Fittings and equipment*	*Computer equipment*	*Total*
	£	£	£	£	£	£
Cost						
At 1 January 2018	318,745	121,689	5,110,311	428,462	313,170	6,292,377
Additions	-	54,861	365,425	-	127,816	548,102
Disposals	-	-	(519,642)	(12,005)	(92,786)	(624,433)
At 31 December 2018	318,745	176,550	4,956,094	416,457	348,200	6,216,046
Depreciation and impairment						
At 1 January 2018	309,942	-	3,227,167	339,715	254,164	4,130,988
Charge for the year	7,667	-	353,079	43,557	34,733	439,036
Eliminated in respect of disposals	-	-	(247,016)	(8,808)	(92,785)	(348,609)
At 31 December 2018	317,609	-	3,333,230	374,464	196,112	4,221,415
Net book value						
At 31 December 2018	1,136	176,550	1,622,864	41,993	152,088	1,994,631
At 31 December 2017	8,803	121,689	1,883,144	88,747	59,006	2,161,389

11 Inventories

	2018	2017
	£	£
Raw materials	1,478,734	777,917
Work in progress	296,457	142,078
Finished goods and goods for resale	1,193,520	936,848
	2,968,711	1,856,843

Inventories recognised in the Income Statement as an expense were £5,606,932 (2017: £5,204,251).

12 Trade and other receivables

	2018	2017
	£	£
Trade receivables	4,160,329	3,581,898
Amounts due from parent undertaking	7,425,552	6,316,208
Amounts due from related undertakings	503,827	368,381
Other receivables	102,760	111,523
Prepayments and accrued income	277,627	202,814
	12,470,095	10,580,824

13 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade payables	3,571,007	2,848,825
Corporation tax	-	547,908
Other taxation and social security	316,276	217,695
Amounts due to related undertakings	479,048	18,229
Amounts due to parent undertakings	419,863	470,230
Other payables	71,876	13,280
Accruals and deferred income	707,647	649,130
	5,565,717	4,765,297

14 Provisions for liabilities

		2018	2017
	Notes	£	£
Deferred tax liabilities	15	24,466	111,986

15 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

	2018	2017
	£	£
Balances:		
Accelerated capital allowances	24,466	111,986

	2018
	£
Movements in the year:	
Liability at 1 January 2018	111,986
Credit to profit or loss	(87,520)
Liability at 31 December 2018	24,466

16 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Measured at amortised cost	12,192,468	10,378,010
Carrying amount of financial liabilities		
Measured at amortised cost	5,249,441	3,999,694

Financial assets measured at amortised cost comprise trade receivables, amounts owed by parent undertakings and other receivables.

Financial liabilities measured at amortised cost comprise trade payables, amounts owed to related undertakings and accruals.

17 Retirement benefit schemes

Money purchase schemes

	2018	2017
	£	£
Charge to profit or loss in respect of money purchase schemes	80,746	73,783

The Company operates a money purchase pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

There were pension contributions outstanding at the year end of £18,345 (2017: £5,855).

18 Share capital

Ordinary share capital Issued and fully paid

	2018 £	2017 £
8,066 Ordinary of £1 each	8,066	8,066

19 Reserves

Share premium account

This reserve records the amount above the nominal value received for shared sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

20 Operating lease commitments

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Buildings		
Within one year	433,716	322,064
Between two and five years	1,708,025	1,288,258
In over five years	167,477	295,226
	2,309,218	1,905,548
Other		
Within one year	80,829	108,192
Between two and five years	175,476	226,533
In over five years	-	2,594
	256,305	337,319

21 Related party transactions

In preparing these financial statements, the Directors have taken advantage of the exemptions available under paragraph 8(k) as permitted by FRS 101 Financial Reporting Standards applicable in the UK and Republic of Ireland, and have not disclosed transactions entered into between wholly owned group undertakings. Balances with group undertakings are disclosed in note 12 and 13 to the financial statements.

22 Controlling party

The Company's immediate parent company is 2 View Media Limited, incorporated in England.

The Company is a subsidiary of Huhtamaki Oyj, incorporated in Finland which is considered to be the ultimate parent company and controlling party. The only group in which the results of the Company are consolidated is that headed by Huhtamaki Oyj. The consolidated results of this company are available to the public and may be obtained from Huhtamaki Oyj, Miestentie 9, FL-02150 Espoo, Finland.