

# ROBINSON

Packaging Innovation



## ROBINSON PLC 2019 FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

Registered Number: 39811

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## Directors and Advisers

<b>Directors</b>	Alan Raleigh – <i>Non-executive Chairman</i> Helene Roberts – <i>Chief Executive</i> Guy Robinson – <i>Finance Director</i> Mike Cusick – <i>Commercial Director</i> Anthony Glossop – <i>Non-executive Director</i> Sara Halton – <i>Non-executive Director</i>
<b>Registered Office</b>	Field House, Wheatbridge, Chesterfield, S40 2AB
<b>Nominated Adviser/Broker</b>	FinnCap, 60 New Broad Street, London EC2M 1JJ
<b>Solicitor</b>	DLA Piper UK LLP, 1 St Paul's Place, Sheffield, S1 2JX
<b>Auditor</b>	Mazars LLP, 45 Church Street, Birmingham, B3 2RT
<b>Registrar</b>	Neville Registrars Ltd, Steelpark Rd, Halesowen, B62 8HD
<b>Banker</b>	HSBC, 1 Bond Court, Leeds, LS1 2JZ

The Company is incorporated in England, registered no. 39811

## Highlights

- Revenue increased by 7% to £35.1m (2018: £32.8m)
- Gross margin increased from 18% to 21%. Operating costs increased by 14%
- Operating profit before exceptional items and amortisation of intangible assets increased to £2.5m (2018: £1.5m)
- Net debt decreased to £6.9m (2018: £8.8m)
- Capital expenditure was £1.7m (2018: £4.4m)

## Five-year record

Year ended 31 December	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000
<b>Income statement</b>					
<b>Revenue</b>	29,138	27,459	29,813	32,802	35,085
<b>Gross profit</b>	6,995	6,258	5,778	5,884	7,492
% of revenues	24%	23%	19%	18%	21%
<b>Operating costs</b>	(3,805)	(4,120)	(4,457)	(4,370)	(4,971)
<b>Operating profit before exceptional items and amortisation of intangible asset</b>	3,190	2,138	1,321	1,514	2,521
Exceptional items	(1,694)	190	65	110	-
Amortisation of intangible asset	(783)	(783)	(783)	(783)	(810)
<b>Operating profit</b>	713	1,545	603	841	1,711
Interest	(92)	(116)	(103)	(156)	(205)
Finance income in respect of Pension Fund	153	189	130	-	-
<b>Profit before taxation</b>	774	1,618	630	685	1,506
Taxation	(679)	(390)	(317)	10	(296)
Dividends	(837)	(877)	(901)	(890)	(890)
<b>Retained profit/(loss)</b>	(742)	351	(588)	(195)	320
<b>Net assets excluding pension asset after deduction of related deferred tax</b>	21,471	22,612	23,056	22,928	22,923
Depreciation	1,423	1,385	1,492	1,795	1,960
<b>EBITDA</b> (earnings before interest, tax, depreciation and amortisation)	2,919	3,713	2,878	3,419	4,481
Operating profit:revenue	2.4%	5.6%	2.0%	2.6%	4.9%
Basic earnings per share	0.6p	7.5p	1.9p	4.2p	7.3p

## Chairman's Report

*"We have made important steps forward across all aspects of our business in 2019. Our results confirm that our actions to improve competitiveness are bearing fruit in a challenging and uncertain market.*

*We are of course assessing the rapidly evolving coronavirus pandemic and the impact this could have on our people, our customers and our business.*

*Our business is predominantly in the food, personal care and household sectors, with more than 70% of our turnover arising from financially strong multi-national or local players, so we believe we are likely to be less affected by the pandemic than others. We have also stress-tested the resilience of our business to potential cash flow interruptions and believe we have sufficient financial headroom. However, in these current extremely uncertain circumstances, we believe it is prudent to maximise the cash retained in the business, so we have decided not to declare a final dividend in respect of 2019. When there is greater clarity on the impact of coronavirus on market conditions and our currently projected financial strength, it is the Board's ambition to resume dividend payments".*

### Revenues, Gross Margin, EBITDA and Operating Profit

We are pleased to announce further strong growth and an increased market share, with revenue rising by 7% to £35.1 million in 2019. Volume growth was 8%.

Gross Margin has increased from 18% to 21% of revenue.

Despite an increase of 14% in operating costs, as we make further investments in competitive capabilities, we have also made good progress on EBITDA, which increased to £4.5 million in 2019, an increase of 31%.

Operating Profit has doubled to £1.7 million.

Basic earnings per share have risen from 4.2p to 7.3p.

### Capital investment, financing and pension

There was a decrease in net debt of £1.9 million in the year as we invested £1.7 million (2018: £4.4 million) in new plant and equipment. Net debt ended the year at £6.9 million (2018: £8.8 million), safely within our £13 million of facilities. Shareholders' funds are unchanged at £22.9 million.

The IAS 19 valuation at the year-end of our pension plan reported a surplus of £10.5 million (2018: £6.5 million). This surplus is deemed to be irrecoverable and so not included in the Group's assets.

### People

Helene Roberts joined as our new CEO in November 2019. Helene brings a wealth of packaging industry experience and valuable expertise in sustainability, which will be instrumental in shaping the future strategy for Robinson within a plastics circular economy. Helene's profile can be found on page 15 of our annual report.

I would particularly like to thank Martin McGee, our interim Chief Executive, who served for much of the year and who has energetically led the progress we have made in 2019. We wish Martin every success in the future.

We have also made significant progress in developing the skills and capabilities of our employees across the business in 2019. Investments have been made in health and safety, quality, manufacturing management and business processes to improve our competitiveness and to serve our customers better.

### Property

Progress has been made towards selling some of the surplus property in Chesterfield and we hope that, subject to receiving the necessary planning approvals, sales will be achieved in 2021.

### Outlook

Although we are pleased with progress in 2019, the Board recognises we must now move from having a business that has the capabilities to compete to an organisation that can consistently win in the marketplace.

Many challenges and uncertainties exist in the current packaging landscape and we will no doubt face some unexpected headwinds from time to time in the future. However, with uncertainty comes opportunity and we are determined to take advantage of potential dislocations in the market, including playing a leading role in the sustainable packaging and circular economy agenda and leveraging our reputation as a purpose-led, responsible partner to our customers.

## Chairman's Report (continued)

Subject to any negative impact from the COVID-19 coronavirus pandemic, we expect continued above market revenue growth whilst continuing to deliver industry competitive EBITDA and progressing Operating Profit towards a 6-8% range.

### COVID-19 coronavirus

The reported spread of the COVID-19 coronavirus in recent weeks has created substantial market uncertainty. At present we have seen an upturn in demand for some of the products we manufacture, including hand wash containers and other personal care, household and food packaging. To the extent this is driven by stocking (as opposed to usage), this may reverse over time.

The largest threats to our business are still to materialise and difficult to predict in this fast-changing environment, but we can envisage that the possibility of staff shortages or lockdowns may restrict our ability to manufacture products in our plants in the UK and Poland.

We have undertaken a stress test of our business and concluded that although there are some risks to our business from smaller customers, who fail to survive the pandemic (both in terms of future revenues and potential asset/debt write-offs), our financial position remains strong. Of course, it is difficult to predict the impact of these or the longer-term impact on supply chains or property values due to the significant uncertainties that remain.

We currently have no known positive cases within our workforce at any of our plants and are taking the appropriate measures to protect the business and its stakeholders.

In the circumstances as a precautionary measure, we have decided to move the proposed AGM date back to 30 June 2020 and not declare a final dividend in respect of 2019.

**Alan Raleigh**  
Chairman  
31 March 2020

## Strategic Report

The Chairman's Report is an integral part of this Strategic Report.

Robinson Plc has serviced the market, both in the UK and internationally, for over 180 years. Today its key focus is to supply injection, blow and stretch-blow moulded plastics and rigid paperboard, in a wide range of formats to leading brand owners in the food, personal care and household sectors.

Building on our recent solid performance, we will continue in our strategic intent to grow the business and generate annual sales of £50m within the next 4 years.

Our people are core to the success of Robinson. We will continue to train, develop and promote from within, whilst bringing in new skills and expertise to add value to the business. It is our policy to ensure equal opportunity in recruitment, selection, promotion and employee development and we have an equal opportunities and diversity policy in place. It is a key objective to ensure that successful candidates for appointment and promotion are selected taking account of individual ability, skills and competencies without regard to age, gender, race, religion, disability or sexual orientation. The core values of the Robinson business, built over the last 180 years, will underpin our drive for one culture across all sites. It is imperative that all employees understand both what we stand for and our strategic direction going forwards.

To win and maintain the loyalty of new and existing customers, we will continue to be highly responsive through the development and supply of bespoke products at competitive prices. However, to remain relevant, we need to respond to the ever-changing requirements of the market, especially considering current perceptions around the sustainability of plastic packaging. Sustainability will be at the heart of our business and underpin everything we do, as framed by our Sustainability Pledge and Roadmap.

We will further strengthen our business by reviewing how we operate across all major business processes, to create greater value going forwards that can be reinvested back into the business and provide the capability to win consistently in the marketplace.

Leading international brand owners require strategic supplier partners capable of serving all their core consumer markets locally. We are well placed to service locally from our Polish and UK operations, whilst driving a common standard across health & safety, quality and service levels to meet the needs of our international customers. Our focus in the last 12 months to share on good practice across all our sites and report on key operational metrics has been imperative. All sites have the capability to develop creative solutions for the following sectors:

1. Kirkby facility, Nottinghamshire UK. Primarily focused on innovative solutions for the food & drink markets, manufacturing custom injection moulded packaging solutions. A large proportion of production from this unit serves the domestic UK food brands.
2. Stanton Hill facility, Nottinghamshire UK. Manufactures high quality injection moulded specialist devices, such as aerosol actuators. These products are produced mainly for international toiletries & cosmetics brands and are destined for both UK and international markets, including Latin America and Asia.
3. Lodz facility, Poland. Manufactures high quality injection moulded solutions for many global branded customers serving the emerging Central European markets.
4. Minsk facility, Poland. Manufactures blow and injection moulded products primarily for the toiletries & cosmetics and household sectors in the region.
5. Chesterfield facility, Derbyshire UK. The dedicated design and production centre for Robinson Paperbox Packaging – our rigid paper box business, serving domestic confectionary, food, electronics and cosmetic gifting markets.

### Performance review

Key financial indicators, including the management of profitability and working capital, monitored on an ongoing basis by management, are set out below:

Indicator	2019	2018	2017	Comments
Revenue (£'000)	<b>35,085</b>	32,802	29,813	Revenues increased by 7% in 2019, with an 8% increase in underlying volumes.
Profitability ratios:				
Gross margin	<b>21%</b>	18%	19%	Gross profit as a percentage of revenue. Margins have benefited from the lag effect of passing prices decrease on.
Trading margin	<b>7%</b>	5%	4%	Operating profit before exceptional items and amortisation as a percentage of revenue. The increase in 2019 is attributable to increased revenues and margins offset by higher operating costs.
Return on Capital Employed	<b>7%</b>	5%	4%	Operating profit (before exceptional items and amortisation of intangible assets) less taxation divided by the average capital employed (net assets less net debt).
Working capital levels	<b>26%</b>	26%	28%	Inventory + trade receivables - trade payables as a percentage of revenue. Despite continued pressure from some of our main customers to extend payment terms, levels have been maintained.

## Strategic Report (continued)

The Group is committed to making sustainable improvements to the design, manufacture and distribution of products. The following indicators are used by the Group to measure its progress in achieving this objective:

Indicator	2019	Units per £'000 revenue	2018	Units per £'000 revenue	2017	Units per £'000 revenue
Electricity consumed ('000 kwh)	22,475	0.641	21,354	0.651	20,343	0.682
Waste to recycling (tonnes)	464	0.013	517	0.016	439	0.015
Waste to landfill (tonnes)	99	0.003	68	0.002	96	0.003

Investment in new technology continues to yield benefits in electrical consumption rates. Waste to recycling has reduced as we strive to eliminate and recycle as much as possible. There has been a small increase in waste to landfill during the year, but we are taking steps to improve this.

The Group's primary commitment is to provide a safe and healthy environment for its employees. The number of accidents was as follows:

	2019	2018	2017	Comments
Lost time accidents	7	2	3	Considerable effort has been invested in improving health and safety measures during the year. Whilst it is disappointing to see an increase in lost time accidents, there is a strong belief that the increased focus placed on a safe working environment will yield improvements in future.
Reportable accidents	3	6	3	

The group employee gender diversity is as follows:

	Female	Male
Directors	2	4
Employees in other senior executive positions	2	18
<b>Total senior managers and directors of the group</b>	<b>4</b>	<b>22</b>
Other employees of the group	106	189
<b>Total employees of the group</b>	<b>110</b>	<b>211</b>

The appointments of Helene Roberts and Sara Halton as directors has significantly enhanced gender diversity. As a Board, we are committed to improving our performance in this area and will always seek a "balanced slate" when recruiting for key roles.

### Property

The Group has surplus properties and other properties not used in the manufacture of packaging products with a total value at the end of 2019 of £6.4m (2018: £6.4m). These properties arise from the transfer or sale of previous manufacturing businesses. Some of these properties are let out to tenants on contracts that vary in length between 1 month and 5 years. The annual gross rental income earned during the year was £0.4m (2018: £0.4m) representing a 6% yield.

The intention of the Group is, over time, to realise the maximum value from surplus properties via disposal and reinvest receipts in developing its packaging business. Investments in AIM trading companies can attract 100% relief from Inheritance Tax (Business Property Relief). Tax counsel have previously advised that the Group qualifies for this relief since the properties held are residue from previous trading activities and there is an active plan to dispose of them.

### Pension plan

The Group had a surplus in its defined benefit plan at the last actuarial valuation (5 April 2017). This plan was closed to new entrants in 1997 and the intention is to buy out the liabilities when market conditions allow. The IAS19 valuation of the plan showed a surplus of £10.5m at the end of 2019. This surplus is deemed to be irrecoverable and not included in the Group's assets.

### Principal risks and uncertainties

The directors have set in place a thorough risk management process that identifies the key risks faced by the Group and ensures that processes are adopted to monitor and mitigate such risks. The principal risks affecting the business and the Group's responses to these risks are:

## Strategic Report (continued)

	<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
<b>COVID-19 coronavirus pandemic</b>	The global spread of the novel COVID-19 coronavirus and subsequent measures to enforce social distancing.	Unavailability of staff due to self-isolation, sickness or lockdowns; reduced demand from customers due to their own staff issues; changes in consumer behaviour and demand due to the pandemic; availability of materials; potential customer financial failure; and longer term potential reduction in land, property and other asset values.	The core sectors served by the Group (food and personal hygiene in particular) are likely to remain resilient throughout the pandemic. The Group is strictly following local government and public health guidelines including adopting social distancing measures at all sites. The Directors have performed a stress test on the business to confirm that it can continue to operate within its existing credit facilities, further details are provided below.
<b>Customer relationships</b>	A significant proportion of the Group's turnover is derived from its key customers.	The loss of any of these key customers, or a significant worsening in commercial terms, could adversely affect the Group's results.	Through close collaboration with our key customers: anticipating their needs and rapidly responding to requests.
<b>Fluctuations in input prices</b>	Input prices such as plastic resin prices and electricity costs can fluctuate significantly.	Cost over-runs; lower profitability.	The Group monitors the effect of such fluctuations closely, seeks to structure contracts with customers to recover its costs and ensures availability of alternative competitive sources of specific materials.
<b>Foreign currency risk</b>	Significant fluctuations between the pound and Polish Zloty/Euro.	Exchange rate movements could impact revenues and profitability as we produce in Poland and purchase materials in US dollars, pounds and euros.	Although we do not typically hedge currencies, we regularly monitor these exchange rate movements as a Board.
<b>Unavailability of raw materials</b>	Disruption of supplies to UK, particularly resins, from Europe due to Brexit.	Inability to meet orders; customer service outages.	Parallel measures actioned: increased resin & key materials stock cover; secondary supply sources established through distributors; forward ordering of products for specific customers.
<b>Brexit</b>	The outcome of the ongoing Brexit negotiations may have an impact on the business. In the short term, the main risks to our business are the continuity of supply and pricing. In the longer term, our customers may decide to relocate the manufacturing locations of their products – depending on the outcomes, this could either be a benefit or threat; there may also be an impact on land and property values which could be positive or negative.	The availability of raw materials in the UK market, import duties and customs procedures may result in delays to deliveries which could impact on our ability to supply our customers. Pricing, driven by market conditions including foreign exchange rates, could also result in lower demand for our products. A reduction in market property values, may give rise to impairment of the carrying values of property in the accounts.	To counter these risks we, continue to hold higher stocks of raw materials, discussed the scenarios with our customers and suppliers and have taken steps to minimise the possible disruption to our business in the UK.  Robinson is well placed, with operations in both the UK and Central Europe, to mitigate the impact of any such decisions on the group's performance.  The Group keeps property values under review and regularly assesses indicators of impairment.
<b>People</b>	Low unemployment and high demand, particularly for skilled machine operators and engineers in Poland.	Insufficient labour to run machines; reduced engineering maintenance cover in Polish factories; lower efficiencies & outputs; higher wage bills.	Frequent salary benchmarking & adjustment needed; increased manufacturing efficiencies to reduce inflationary costs; incentive schemes will be devised to increase retention.

## Strategic Report (continued)

### Section 172(1) Statement (Companies Act 2006)

As required by The Companies (Miscellaneous Reporting) Regulations 2018, the Director's present below the issues, factors and stakeholders that they consider material to their duty under Section 172, including how the Director's and Senior Managers have engaged with stakeholders during the period and, for each principal decision taken during the period, how the interests of key stakeholders impacted were taken into account:

#### Key stakeholder engagement

Who & Why?	How?	What?	Outcomes & Actions
<b>Investors</b> Access to capital is vital to the long-term success of the Group. We must get buy-in to our strategic objectives from investors and we seek to promote an investor base that is interested in long-term shareholding.	The key methods of engagement are: - Annual General Meeting - Investor presentations - One-on-one investor meetings	Support from investors for investment in the right circular economy initiatives	Crucial feedback formed a key part of our annual strategy review
		CEO recruitment status discussed at AGM	Considered feedback on ideal background and remuneration package in selection process
		Board diversity, positive feedback on appointment of Sara Halton	Reinforced previous approach to seek a balanced slate for all recruitment processes
		Dividend policy	No specific actions taken
<b>Employees</b> The company's long-term success is dependent on the commitment of our employees to our purpose and values. We engage with employees to ensure they feel happy to work at Robinson and that we are supporting their well-being and assisting them to achieve their own potential. In return we expect low absenteeism and turnover rates, which allow us to maintain high efficiency and productivity.	There are many channels of communication with our workforce including: • Quarterly briefings with senior site management • Annual roadshows with senior site management and the CEO • Annual site visits and tours with the non-executive directors • Quarterly employee consultative committees • Annual long service dinner with the CEO • Employee surveys and in-house magazine	Health and safety procedures and working conditions improved including near-miss reporting	Significant investment in building refurbishments in 2020 to improve working conditions
		Remuneration and reward packages in production	New packages implemented to reward increased skills and performance
		Employee recognition	New scheme to nominate employees for going the extra mile. Investment in modernising welfare facilities
<b>Suppliers</b> There are a limited number of resin producers and machinery suppliers worldwide that can supply the raw materials and equipment needed by the Group. Unavailability of materials is identified as a principal risk to the business in the Strategic Report.	The key methods of engagement are: • Supplier site audits • Request for Quote's and contract negotiations	Brexit planning: • Suppliers shared plans for minimising risks of importing material • Developed relationships with alternatives	Built stocks of raw material to increase contingency. Developed relationships with suppliers in the EU and rest of the world
		Alternative sources for recycled materials. Engagement with suppliers and industry experts engaged in the circular economy	Supply deals arranged; sample tests of recycled material produced with new technology
		Ethical and responsible sourcing	Plan to achieve full FSC accreditation in 2020 for our Paperboard business
<b>Customers</b> We rely on a small number of customers for a majority of revenues. Strong partnerships are critical to understand our customer's markets, plans and needs so we can consistently provide the best packaging solutions and services that secure long term loyalty and opportunity for growing revenues.	• Strategic review meetings twice per year with senior management • CEO meetings with strategic partners at least once per year • Packaging exhibitions and trade shows • Site audits	Supply level agreements	Formally agreed with all key customers
		New technology implementation	Bottle production installed in the UK business
		Productivity improvements	Value stream mapping performed with Group's largest customer
		Obtaining formal customer feedback	Planning formal "voice of the customer" analysis in 2020

## Strategic Report (continued)

### Principal decisions

<b>Principal Decision 1 – CEO Appointment</b> <ul style="list-style-type: none"> <li>• After an extensive search and selection process, Dr. Helene Roberts was appointed as the Robinson CEO in November 2019. Helene's biography is included in the Corporate Governance Report.</li> <li>• Helene brings a wealth of packaging industry experience and valuable expertise in sustainability, which will be fundamental in shaping the future strategy for Robinson and the company's long-term success.</li> <li>• The Board considered the views of investors on Board diversity, sustainability and the necessary background of the individual during the selection process.</li> </ul>
<b>Principal Decision 2 – Robinson Sustainability Pledge</b> <ul style="list-style-type: none"> <li>• Over the course of the last 12 months, the Board with the assistance of RECOUP have been working to develop a future packaging circular economy strategy. The output of that work feeds into the Robinson "Sustainability Pledge", included in the Sustainability Report.</li> <li>• The Board believes that the long-term success of the Company is dependent on our commitment to responsibly manufacture plastic products and deliver a future with less waste. This will change our business model over time as we consume less virgin raw material in favour of post-consumer recycled and focus on making all our products recyclable.</li> <li>• Interaction with our customers, industry experts and investors helped shape our initial thinking on the future direction for a sustainably focused business. We consider the views of our stakeholders and engage with them to challenge our approach and metrics before deciding on the best way forward.</li> <li>• Engagement with suppliers was used to investigate availability of recycled materials, secure sourcing where possible and integrate their plans for new technology including chemically recycled materials.</li> </ul>

On behalf of the Board

**Guy Robinson**  
 Director  
 31 March 2020

# Sustainability Report

## Robinson Sustainability Pledge

At Robinson, we are committed to delivering a future with less waste.

We aim to minimise our impact on our environment, with the resources and materials that we use, and impact positively on communities where we operate in. By clearly communicating our intent and on our progress, we will be seen as a leader in our sector and aligned with the approach and goals of our key customers.

## Pillars

We will achieve these goals through 5 key pillars:

- Innovation of sustainable products and services
- Collaboration and partnership to drive voluntary initiatives in the community
- Continuous improvement of our operating environment and through adopting a circular economy approach
- Drive commercial value of our business
- Become an employer of choice

### Innovation of sustainable products and services

Plastics have an incredibly important role to play, both today and in the future. However, we do understand the current concerns on plastic packaging in terms of the environment. To this end, we will:

- Continue to maximise resource efficiency through light weighting and value engineering technology for our bespoke designs;
- Increase the percentage of post-consumer recycled content in all our materials, creating a commercial end-market for recycling streams in the UK and Poland, as well as source materials difficult to recycle, such as marine waste. We aim for 50% recycled content by 2023, driving towards zero fossil fuel based virgin material in the long term as materials become available;
- Ensure that all products that we place on the market are in turn recyclable, through delivering mono-material solutions made from either rigid paperboard or PP, HDPE and PET. Hence, driving towards the simplification of polymers that will in turn facilitate recycling down-stream for our customers, the consumer and ultimately the waste industry. We already offer black recyclable colourant that is recognisable to the sensors used by the waste industry. We have removed 80% of carbon black additives from our portfolio and will be fully out by the end of 2020; and
- Our rigid paperboard raw materials currently contain over 90% recycled content and we are working on achieving 100% FSC accreditation by the end of 2020.

### Collaboration and partnership to drive voluntary initiatives in the community

Ultimately, we recognise that we cannot deliver on our pledge in isolation and must work in collaboration through partnering with local government, waste processors, our customers and other stakeholder organisations. We need to create a new 'supply chain' to maximise the use of post-consumer waste and treat it as a valuable resource. Thus, creating a circular rather than linear economy.

We have already reached out to partners, to establish initiatives on our core polymer materials that will actively drive the collection and recycling of more polymer and rigid paperboard than we place on the market in the first place. This will lead us towards a net positive impact on resources in the future.

We are proud to work with organisations such as Recoup, BPF and WRAP, adopting the principles of the UK Plastic Pact. Not only does this provide us with insight on best practise and what others are doing in the plastic industry, it has strengthened our thinking and supported the development of our Sustainability Pledge and Roadmap to 2025.

### Continuous improvement of our operating environment and through adopting a circular economy approach

Our intent is to reduce the carbon and virgin plastic footprint of Robinson through continuing to reduce our raw material input, improving our energy profile, reducing the waste generated from our operations and finally ensure that any residual waste is recycled rather than going to landfill.

The scope of this pillar is not only to consider our production-related activities, but also distribution, reuse and repair of machinery; how we handle site waste; and how we improve the profile of our buildings through heat and power sources, as well as lighting. We have already replaced over 60% of our lighting with LED and are aiming for 100%.

## Sustainability Report (continued)

### Drive commercial value of our business

Many of our customers are international brands that are looking to us to partner and support their sustainability goals. We will ensure that our sustainability roadmap is aligned in both its intent and timescales.

As the market seeks to develop different ways of delivering products to the consumer, we are well placed to design new and bespoke solutions, such as replacing single-use packaged products by reusable containers that are robust enough to go through the loop many times. We are already exploring new technologies that will play their part in this market development.

### Become an employer of choice

We recognise that looking after our people is crucial to the future sustainability of our business. There are several areas that we are focusing on to deliver support to our employees and in turn drive a real feeling of a caring community within Robinson, such as:

- Health and Wellbeing to ensure that we provide a safe and healthy environment for our employees whilst at work and elsewhere. Examples may include road safety training, provision of drinking water and fresh fruit, discounts at local gyms as well as setting up exercise clubs and arranging talks on health-related subjects of key concern to our colleagues;
- Continuous improvement of diversity across all levels of our workforce, through how we approach recruitment as well as a clear implementation of our group policy;
- Ensuring that there are no enforced labour practises in either our own operations or those of our supply base, through adopting a monitoring scheme such as Sedex; and
- Parity of Pay across all aspects of our remuneration, including salary, pensions, bonus schemes and share saving schemes.

### Next steps

Against each of the Sustainability Pillars, we are currently mapping out key initiatives, measures of progress to date and our ultimate goals by 2025. Our Sustainability Pledge and roadmap will be rolled out to all employees, customers and other stakeholders through a comprehensive communication plan during 2020. It is our intent to create Sustainability Champions at each site to help drive momentum at every level of the business and each pillar will be assigned to a member of the senior leadership team, with a formal review process at senior and board level to monitor our progress.

# Corporate Governance Report

## Chairman's statement

As Chairman I am responsible for the leadership of the board and for ensuring the board's effectiveness. I also have the responsibility for conducting board meetings and making sure that there is effective and timely communication to our shareholders. In my role as chair I also provide advice, counsel and support to the executive.

## The 2018 QCA Corporate Governance Code

The new AIM Rule 26 introduced during 2018 requires the Group to follow a recognised corporate code of governance, in response the Board adopted the 2018 QCA Corporate Governance Code. The Board believes that the Group complies with the Code, but is committed to continuously improving its governance over time.

Here we explain how we implement the 10 principles of the QCA Corporate Governance Code in practice.

Principle	Commentary
<b>1</b> Establish a strategy and business model which promote long-term value for shareholders	<p>Robinson specialises in partnering Brand Owners in the Food, Personal Care and Household markets across Europe to deliver innovative rigid plastic packaging that facilitates brand differentiation, product protection and ease of use for consumers.</p> <p>We formally update our strategy on an annual basis and use this to create a rolling 3-year business plan. Progress against this plan is reviewed at least once per quarter.</p> <p>Our approach is to work in close collaboration with our brand owner customers who share our commitment to the circular economy and leverage this experience across our business. We recognise that we can make an important contribution through reducing the amount of plastic we incorporate in our products, using recycled material where technically and economically feasible and designing supply chains that allow reuse of materials.</p> <p>Through excellent execution of our strategy, we expect sales growth slightly ahead of the market which, together with internally driven operational efficiencies, will leverage our cost base to drive competitive profitability improvements thus delivering sustained shareholder value.</p> <p>Further information is provided in the Strategic Report.</p>
<b>2</b> Seek to understand and meet shareholder needs and expectations	<p>Robinson will maintain a regular dialogue with existing and potential investors both directly and through its brokers to communicate its strategy and understand shareholder expectations.</p> <p>This will be done by the Board at the Annual General Meeting and through periodic Investor Roadshows that showcase evolutions in our business and offer the opportunity to meet and engage with the Board and senior business leaders.</p> <p>Details of all shareholder communications are provided on the Robinson plc website.</p>
<b>3</b> Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>Robinson is aware of its corporate social responsibilities and the need to maintain balanced relationships with its shareholders, employees, customers, suppliers, the environment and other stakeholders.</p> <p>Based on stakeholder feedback we plan to assess our plans on Safety, Diversity and Sustainability and, if appropriate, intervene to drive further progress.</p>
<b>4</b> Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>The directors have set in place a thorough risk management process that identifies the key risks faced by the Group and ensures that processes are adopted to monitor and mitigate such risks. The principal risks affecting the business and the Group's responses to these risks are disclosed in the Strategic Report. Further details on the internal controls are also provided below.</p>
<b>5</b> Maintain the board as a well-functioning, balanced team led by the chair	<p>The composition of the board and biographies of the individual members are disclosed below. The board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>Attendance at Board meetings and Board Committees is documented below. The Chairman is expected to devote on average 3 to 4 days per month and other non-executive directors 2 to 3 days per month to the Company.</p>
<b>6</b> Ensure that between them the directors have the necessary up-to-date	<p>The Board considers that it has sufficient experience, skills, personal qualities and capabilities to deliver the strategy of the Company. The Board regularly review its composition and depth of skills to ensure it can support the ongoing development of the Company.</p>

## Corporate Governance Report (continued)

experience, skills and capabilities	<p>The directors are kept up to date on key issues and developments pertaining to the Company through the executive directors and external advisers.</p> <p>Directors' biographies are included below.</p>
<b>7</b> Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Board evaluates its own performance and its effectiveness at each Board meeting.</p> <p>Following the recent changes to the Board structure, the Board intends to commission an independent external review process during 2020.</p> <p>There is a succession plan in place for the Board and this is being actively progressed, further details are disclosed under the Nomination Committee below.</p>
<b>8</b> Promote a corporate culture that is based on ethical values and behaviours	<p>Our primary aim is to provide a safe and healthy environment for our employees. At each of our sites we have health &amp; safety procedures in place which are regularly reviewed and updated to provide such information, training and supervision as required.</p> <p>We recognise the importance of training and education for our people. Our main businesses were early adopters of the ISO 9001 Quality Standard and Investors in People and we remain committed to helping our people achieve their maximum potential.</p> <p>The Board is responsible for ensuring we achieve the highest standards of business integrity and ethics. We have policies in place across all key areas of the business operations which are formally reviewed by the Board annually, including discrimination and harassment, bribery and corruption, competition law compliance and conflicts of interest.</p> <p>We do not tolerate any form of discrimination on grounds of age, race, colour, sex, religion, sexuality or disability. We do not tolerate any forms of harassment at any level within our organisation or when dealing with people from outside.</p> <p>We are committed to international human rights standards. We do not use child labour and check suppliers in this respect. We do not tolerate unfair discrimination. We comply with laws and standards on working hours.</p> <p>We take the welfare of our employees both past and present very seriously, recognising that an involved caring community is a more satisfying place to work. A Group pension plan is in place and we encourage employees to save for their retirement. We publish a Group magazine every 6 months that is distributed to all employees and pensioners. We have a Group Welfare Officer, who inter alia looks after the foundation club (for retired employees), a visitors' panel and the annual pensioners' party</p> <p>An open culture is encouraged within the Company with regular communications to staff regarding progress and staff feedback is regularly sought.</p> <p>In 2020, the Board will formally review the effectiveness of our communications to key stakeholders, including employees.</p>
<b>9</b> Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The Board has overall responsibility for promoting the success of the Company. The executive directors are responsible for day-to-day operational management. The non-executive directors are responsible for bringing independent and objective judgement to Board discussions and decisions.</p> <p>The roles of Chief Executive and non-executive Chairman are clearly separated. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters and chairs the Nomination and Audit Committees. The Chief Executive is responsible for implementing the strategy of the Board and managing the day-to-day business activities. The Finance Director is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.</p> <p>The Board operates Audit, Remuneration and Nomination committees which are discussed further below.</p>
<b>10</b> Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The Company recognises that a healthy dialogue should exist between the Board and its stakeholders to better enable interested parties to come to informed decisions. Further details on engagement with key stakeholders is included in the Section 172(1) statement as part of the Strategic Report.</p> <p>Details of all shareholder communications are provided on the Robinson plc website.</p>

## Corporate Governance Report (continued)

### Board of Directors

The Company supports the concept of an effective board leading and controlling the Group. The Board is responsible for approving Group policy and strategy and the Directors are free to seek any further information they consider necessary. All Directors have access to independent professional advice at the Group's expense.

The Board reviews its performance as an integral part of each board meeting and appraises the performance of each Director. During 2020 we plan an externally facilitated review.

The Board has a written statement of its responsibilities and there are written terms of reference for the Nomination, Remuneration and Audit committees. The Chairman and Non-Executive Directors, whose time commitment to the Company is commensurate with their remuneration, hold other positions as set out in the biographies below.

The Board meets regularly on dates agreed each year for the calendar year ahead. This is typically eight times per year although additional meetings are called as and when deemed necessary. A formal schedule of matters requiring Board approval is maintained covering such areas as strategy, approval of budgets, financial results, Board appointments and dividend policy.

The Board consists of a Non-Executive Chairman, two other Non-Executive Directors, a Chief Executive, a Finance Director and a Commercial Director. This provides a broad background of experience and a balance whereby the Board's decision making cannot be dominated by one individual. The Chairman of the Board is Alan Raleigh and the Group's business is run by the Chief Executive (Helene Roberts), the Finance Director (Guy Robinson) and the Commercial Director (Mike Cusick). The biographies of the Directors, who we consider to be the key managers of the business, are set out below:

#### **Alan Raleigh, Non-executive Chairman and Senior Independent Director**

Alan joined the Board in August 2015. After gaining a BSc (Hons) in Production Engineering and Production Management from Strathclyde University he spent his career with Unilever plc holding a variety of senior positions in the UK, US and Japan. He was Executive Vice President, Personal Care Supply Chain until 2016 and is a non-executive director of Cloetta, a Swedish confectionary company listed on the Stockholm Stock Exchange. Alan is a member of the Board of Trustees of the Chartered Institute of Procurement and Supply and brings experience in highly relevant sectors to the Board.

Alan is primarily responsible for:

- overall leadership and governance of the Board;
- promoting a healthy culture of challenge and debate;
- fostering open and effective relationships between the Executive and Non-Executive directors;
- ensuring Board and shareholder meetings are properly conducted; and
- promoting effective decision making.

#### **Helene Roberts, Chief Executive**

Helene joined the board in November 2019 and her deep understanding and experience of plastics packaging – which includes materials, product design and innovation, end-to-end business improvement and the Plastics Circular Economy, combined with her obvious leadership talent, gives the Board great confidence that she can lead Robinson on the next phase of our journey.

Helene has extensive knowledge of sustainable materials technology, global sales, marketing and innovation and people leadership. She has a degree in Materials Engineering and a PhD in Polymer Engineering.

Helene's career started with M&S, initially as a materials technologist based in Hong Kong before spending seven years as food and drink Head of Packaging. She then spent two years with Sealed Air Corporation as European Executive Retail Director followed by three years at Benson Box, initially as Group Marketing Director before taking on the role of European Director of Marketing, Innovation and Design for Graphic Packaging International.

Helene was a Managing Director at Klockner Pentaplast, responsible for the UK, Ireland and Australian business across four sites, a position she took over after a period as Director of Global Marketing and Innovation. Her key achievements were leading and developing the business' sustainable strategy, overseeing structural change to deliver improved results from all areas in the company.

Helene is primarily responsible for:

- development and implementation of business model and strategy;
- effective leadership and development of management and operations;
- effective communication of the business strategy and performance; and
- building relationships with all stakeholders.

#### **Guy Robinson, Finance Director**

Guy has an honours degree in mechanical engineering from Nottingham University and qualified as a Chartered Accountant in 1981 at Coopers & Lybrand, working for them until he joined Robinson as Management Information Systems Manager in 1985. He has held the positions of Group Financial Controller and Packaging Division Financial Director and was appointed Finance Director in 1995. He has been responsible for working with the Board on a number of business acquisitions and disposals and is responsible for the Company's significant property portfolio.

#### **Mike Cusick, Commercial Director**

A qualified management accountant, Mike joined Robinson in 2015 and was appointed a director in January 2019. Previously he was Group Commercial Finance Director, responsible for the post-acquisition integration of the Madrox business in Poland, and

## Corporate Governance Report (continued)

new commercial systems across the Group. Prior to joining Robinson, Mike gained international financial experience during 8 years in various finance roles at SIG plc, latterly as Financial Controller, Mainland Europe

### **Anthony Glossop, Non-executive Director**

Anthony was appointed a director in 1995 and is Chairman of the remuneration committee. After qualifying as a solicitor, he entered industry as a company secretary. He became Chief Executive of a West Midlands engineering group. During the engineering recession of the 1980s he steered that group into what is now St Modwen Properties of which he was Chief Executive and then Chairman.

### **Sara Halton, Independent Non-executive Director**

Sara has held key senior executive positions at well-known British brands, including as Chief Executive Officer of Molton Brown. She brings a wealth of experience in driving strategic growth for global brands. Sara is a Chartered Accountant having gained MSc in Economics and Econometrics, and BSc in Economics, at the University of Southampton.

### **Board Composition, Skills, Evaluation and succession plans**

The Board considers that it has sufficient experience, skills, personal qualities and capabilities to deliver the strategy of the Company. The Board regularly reviews its composition and depth of skills to ensure it can support the ongoing development of the Company. The directors are kept up to date on key issues and developments pertaining to the Company through the executive directors and external advisers. The Board evaluates its own performance and that of its directors annually. It also reviews the effectiveness of each Board meeting. There is a succession plan in place for the Board and this is being actively progressed.

### **Internal control**

The Board recognises its responsibility for maintaining systems of internal control and reviewing their effectiveness. The Board maintains procedures for identifying significant risks faced by the Group.

The Board has reviewed the operation and effectiveness of the Group's system of internal financial control for the financial year up to the date of approval of the financial statements. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The principal elements of the Group's systems of internal financial control include:

- a management structure and written procedures that clearly define the levels of authority, responsibility and accountability;
- well established business planning, budgeting and monthly reporting functions with timely reviews at the appropriate levels of the organisation;
- a comprehensive system for investment appraisal and review; and
- an Audit Committee that regularly reviews the relationship with and matters arising from the external auditors including the level of non-audit work that is performed by them.

### **Committees of the Board**

#### **Remuneration Committee**

Roles and responsibilities:

The Remuneration Committee is chaired by Anthony Glossop and includes Alan Raleigh, Sara Halton and Helene Roberts (secretary – Guy Robinson). On behalf of the Board the Committee reviews and approves the remuneration and service contracts (including benefits) of the executive Directors and other senior staff. The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Directors and the senior management team to attract and retain leaders who are focused and incentivised to deliver the Company's strategic business priorities, within a remuneration framework which is aligned with the interests of our shareholders and thus designed to promote the long-term success of the Group.

The Committee's main responsibilities are:

- establishing and maintaining formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors, and monitoring and reporting on them;
- determining the remuneration, including pension arrangements, of the Directors.

The Directors' Remuneration Report includes Director's remuneration and further detail on the work carried out during the year.

#### **Audit Committee report**

Roles and responsibilities:

The Audit Committee is chaired by Alan Raleigh and includes Anthony Glossop, Sara Halton, and Helene Roberts (secretary – Guy Robinson). This Committee reviews the interim and preliminary announcement of final results and the annual financial statements prior to their publication. It is also responsible for the appointment or dismissal of the external auditors and for agreeing their fees. It keeps under review the scope and methodology of the audit and its cost effectiveness together with the independence and objectivity of the auditors. It meets with the auditors at least twice per year to agree the audit plan and review the results of the audit.

The primary function of the Committee is to assist the Board in fulfilling its responsibilities regarding the integrity of financial reporting, audit, risk management and internal controls. This comprises:

- monitoring and reviewing the Group's accounting policies, practices and significant accounting judgements; and
- reviewing the annual and interim financial statements and any public financial announcements and advising the Board on whether the annual report and accounts is fair, balanced and understandable.

In relation to the external audit:

- approving the appointment and recommending the reappointment of the external auditor and its terms of engagement and fees;
- considering the scope of work to be undertaken by the external auditor and reviewing the results of that work;
- reviewing and monitoring the independence of the external auditor and approving its provision of non-audit services;

## Corporate Governance Report (continued)

- monitoring and reviewing the effectiveness of the external auditor;
- monitoring and reviewing the adequacy and effectiveness of the risk management systems and processes; and
- assessing and advising the Board on the internal financial, operational and compliance controls.

### Nomination Committee report

#### Roles and responsibilities:

The Nomination Committee is chaired by Alan Raleigh and includes Anthony Glossop, Sara Halton and Helene Roberts (secretary – Guy Robinson). This Committee meets at least once per year and reviews the Board's structure, size and composition. It is also responsible for succession planning for Directors and other senior executives.

The key responsibilities of the Committee are:

- assessing whether the size, structure and composition of the Board (including its skills, knowledge, experience, independence and diversity, including gender diversity) continue to meet the Group's business and strategic needs;
- examining succession planning for Directors and other senior executives and for the key roles of Chairman of the Board and Chief Executive; and
- identifying and nominating for approval by the Board, candidates to fill Board vacancies as and when they arise, together with leading the process for such appointments.

#### Activities and board changes during the year:

On 15 November 2019, Martin McGee resigned as Interim Chief Executive and was replaced by Helene Roberts.

As part of our Board succession plans, Anthony Glossop has decided to retire from the Board at the 2021 AGM. Guy Robinson will succeed Anthony as a non-executive member of the Board, taking up this responsibility at the end of this year while continuing to manage the UK properties and pension plan. At this time, Mike Cusick will become the Finance Director.

We will of course continue to benefit from Anthony's wise counsel and expertise until next year's AGM, but I would like to place on record the Board's appreciation for his long, committed and excellent service.

### Attendance at Board and Committee meetings

The attendance at meetings for the year were as follows:

2019	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	8	3	3	4
Alan Raleigh	8	3	3	4
Martin McGee (to 15/11/19)	7	2	2	4
Helene Roberts (from 4/11/19)	2	2	1	-
Guy Robinson	8	3	3	4
Mike Cusick	8	3	3	4
Anthony Glossop	8	3	3	4
Sara Halton	8	3	3	4

On behalf of the Board

**Alan Raleigh**

Chairman

31 March 2020

## Directors' Remuneration Report

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year.

### Committee members

Anthony Glossop (Chairman)

Alan Raleigh

Sara Halton

The Chief Executive and other Executive Directors attend meetings as appropriate but do not take part in discussions or decisions concerning their own remuneration.

### Committee responsibilities

The Committee meets at least once and as often as requisite during the year and is responsible for:

- Reviewing the performance of the Executive Directors;
- Agreeing remuneration structures and quantum, including bonus awards and share awards; and
- Determining the basis of Executive Director service agreements, having due regard to the interests of the shareholders.

### Corporate governance code

As detailed in the Corporate Governance report, the Board has adopted the Quoted Companies Alliance Corporate Code (QCA Code) and its "comply or explain" provisions.

This report sets out the Company's remuneration policy for the Directors and explains how this policy was applied during the financial year to 31 December 2019.

### Remuneration policy

#### Executive Directors

The remuneration policy has been designed to ensure that Executive Directors receive appropriate incentive and reward given their performance, responsibility and experience. When assessing this the Committee seeks to ensure that the policy aligns the interests of the Executive Directors with those of the shareholders and links to the future strategy of the business.

The Company's remuneration policy for Executive Directors is:

- To consider the individual's experience and the nature and complexity of their work in order to set a competitive base salary that attracts and retains individuals of the appropriate quality, whilst avoiding remunerating more than is necessary;
- In the absence of changes in performance, responsibility or experience to align annual adjustments in line with general adjustments to employees' remuneration within the Group;
- To link remuneration packages to the Group's long-term performance through both bonus schemes and share plans;
- To set performance measures which are simple to understand, easy to measure, unambiguous and consistent with the Group's future strategy and performance measures throughout the Group;
- To set an appropriate balance between fixed and variable pay; and
- To provide post-retirement benefits through pension arrangements and/or salary supplements.

Executive Directors' remuneration packages are considered annually by the Committee in line with this policy.

#### Base salary

Base salary is normally reviewed annually in December. Within the review process the Committee takes account of the profitability and ongoing progress of the Group and the individual's contribution as well as changes in responsibility and experience. Consideration is also given to the need to retain and motivate individuals with reference made to available information on salary levels in comparable organisations. To assist in this process, the Committee draws on the findings of external salary surveys and undertakes its own research.

#### Annual performance incentive

The performance of Executive Directors is evaluated by the Committee with a view to ensuring that there is a strong link between performance and reward. The Executive Directors are eligible to receive, at the discretion of the Committee, an annual bonus capped at 70% of base salary excluding any salary supplements in lieu of pension contributions. The Committee considers the implementation of bonus awards based upon corporate financial targets and personal objective measures which align with the long-term interests of the shareholders and the Group's three-year plan. Stretching and transparent but deliverable targets are put in place with a view to linking clearly the motivation of individuals to the value drivers and attitude to risk of the business.

#### Pensions and other benefits

The Company makes a pension contribution of up to 10% of base salary to Executive Directors or where pension contributions are not appropriate a salary supplement in lieu. Other benefits provided are a car allowance, life assurance and private medical insurance.

#### Share awards

Executive Directors may, at the discretion of the Committee be granted share option awards. The current scheme allows the granting of market priced options, so the individual can only benefit if the shareholders have also benefited by an increase in the share price.

#### Non-executive Directors

The remuneration of the Non-Executive Directors is determined by the Board as a whole, based on current practice in equivalent companies. The Non-Executive Directors do not receive any pension payments or participate in any incentive or share award scheme.

## Directors' Remuneration Report (continued)

### Wider employee considerations

Although it is not the Committee's responsibility to set the remuneration arrangements across the Group, it is kept informed of these so it can ensure that Directors' remuneration policy is consistent with remuneration practices in the Group. The Chief Executive is required to obtain the approval of the Committee for her proposals for the remuneration of her direct reports. They and other members of the management team can qualify for a bonus which largely follows the same structure and applies similar performance targets as for Executive Directors. These arrangements are reviewed by the Committee to ensure that Executive Directors and management are targeted at achieving the same strategic goals.

### Shareholder engagement

The Committee seeks the views of shareholders on remuneration on an ongoing basis and they are invited to make contact with the Chairman of the Committee at any time should they wish to do so.

### Remuneration Committee advice

In undertaking its responsibilities, the Committee takes independent external advice from a variety of sources and surveys, but in the present year did not incur any cost in doing so.

### Annual remuneration statement

The Directors received the following remuneration during the year to 31 December 2019.

	Base Salary £'000	Other Benefits £'000	Bonus £'000	Pension £'000	Total 2019 £'000	Total 2018 £'000
Martin McGee (resigned 15 Nov)	191	9	150	32	382	19
Guy Robinson	150	11	21	-	182	160
Mike Cusick (appointed 1 Jan)	100	13	14	10	137	-
Alan Raleigh	60	-	-	-	60	53
Anthony Glossop	45	-	-	-	45	45
Helene Roberts (appointed 15 Nov)	39	2	-	4	45	-
Sara Halton (appointed 1 Jan)	40	-	-	-	40	-
Adam Formela	-	-	-	-	-	518
Richard Clothier	-	-	-	-	-	23
<b>2019</b>	<b>625</b>	<b>35</b>	<b>185</b>	<b>46</b>	<b>891</b>	
<b>2018</b>	<b>715</b>	<b>40</b>	<b>-</b>	<b>63</b>		<b>818</b>

Other Benefits include company car allowance, private medical insurance and IFRS 2 charge on share-based payments.

Helene Roberts receives a pension allowance equivalent to 10% of basic pay. Mike Cusick is a member of a money purchase pension plan and the Company contributes at a rate of 10% of salary.

Martin McGee joined the Board on 6 December 2018 as Interim Chief Executive and stepped down on 15 November 2019 following the appointment of Helene Roberts as permanent Chief Executive. He joined at very short notice putting aside personal arrangements he had just made, initially on a six-month arrangement, later extended to suit the Company and its recruitment process. His arrangements therefore were the subject of individual bonus agreement outside the terms of the normal remuneration policy, which entitled him to earn up to 100% of salary, of which he was paid 79%. The success of the arrangements made was demonstrated by the outcome of the year and the progress made in developing a long-term strategy even during an interim regime. Helene Roberts joined the Board on 15 November 2019 following a competitive recruitment process on terms determined by market comparatives within the remuneration policy.

### Annual performance incentive

Based on performance in the year ended 31 December 2019, annual bonuses equating to 14% of salary were awarded to the Executive Directors excluding Martin McGee. This compared to nil% of salary for the prior year and reflects the Group's improved performance over the year.

### Directors' share options

Details of outstanding share options on 0.5p ordinary shares are as follows:

	Granted 14-Nov-13	Granted 07-Apr-14	Granted 11-May-17	Outstanding 31-Dec-19
Guy Robinson	140,056	67,494		207,550
Mike Cusick			58,000	58,000
Other key managers			75,000	75,000
	140,056	67,494	133,000	340,550
Weighted average price	43p	202p	130p	108p
Contractual life outstanding (weighted average) - years				5.2

## Directors' Remuneration Report (continued)

Generally, the share options may be exercised in whole or in part at any time between the third and tenth anniversary of being granted subject to the achievement of certain performance criteria. 207,550 options were exercisable at the end of the period. The market value of the shares at 31 December 2019 was 80p per share.

### Directors shareholdings

The directors together with their interests in 0.5p ordinary shares in Robinson plc, were as follows:

	31 December 2019	31 December 2018
Guy Robinson	1,212,601	1,212,601
Anthony Glossop	196,922	196,922
Alan Raleigh	36,145	Nil
Martin McGee (resigned 15 November 2019)	24,096	Nil
Helene Roberts (appointed 15 November 2019)	Nil	Nil
Mike Cusick (appointed 1 January 2019)	5,458	5,458
Sara Halton (appointed 1 January 2019)	12,049	Nil

No director had any interest in the shares of any other Group company.

### Anthony Glossop

Remuneration Committee Chairman  
31 March 2020

## Directors' Report

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2019. The financial statements of the Group and the Company have been prepared under International Financial Reporting Standards as adopted by the European Union.

### Results and dividends

A review of the Group's performance for the year ended 31 December 2019 is included in the Chairman's Report and in the Strategic Report.

The directors do not recommend a final dividend for the year ended 31 December 2019. Further details of dividend payments during the year are included in note 8 to the financial statements.

### Directors and their interests

The Directors, who held office during the year, were Alan Raleigh, Martin McGee, Helene Roberts, Guy Robinson, Mike Cusick, Anthony Glossop and Sara Halton. Except for Martin McGee, who resigned on 15 November 2019, the biographical details of all directors are included in the Corporate Governance Report.

Information on the Directors' remuneration and service contracts is provided in the Directors' Remuneration report. The beneficial interests of the Directors in the share capital of the Company are shown in the Directors' Remuneration report.

The Group maintains insurance cover to protect directors in respect of their duties as directors of the Group. During the year, none of the directors had any material interest in any contract of significance in relation to the Group's business. In accordance with the Company's Articles of Association, Helene Roberts and Alan Raleigh retire and offer themselves for re-election. Further details concerning directors are provided in the Corporate Governance Report.

### Employee communication

The Directors recognise the need to ensure effective communications with employees. During the year, they were provided with financial and other information affecting the Company and its various operations, by means of the house magazine, briefings and newsletters. Consultative committees in the different areas of the Company enabled the views of employees to be heard and considered when making decisions likely to affect their interests. The Board will continue to review the effectiveness of our communications to key stakeholders, including employees. Further details on engagement with key stakeholders during the period are provided in the Section 172(1) statement included in the Strategic Report.

### Employment of disabled persons

In accordance with Group policy, full and fair consideration is given to the employment of disabled persons, having regard to their aptitudes and abilities and the responsibility and physical demands of the job. Disabled employees are provided with equal opportunities for training and career development.

### Financial risk management objectives and policies

Information on the Group's financial risk management objectives, policies and activities and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 24 to the financial statements and in the Strategic Report.

### Going concern

In determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position; these are set out in the Strategic Report.

The Group meets its day to day working capital requirements through an overdraft facility which is due for renewal in February 2021. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the potential impact of the COVID-19 coronavirus, show that the Group should be able to operate within the level of its current facility. See page 49 for further details on the analysis performed in respect of the COVID-19 coronavirus pandemic. The Group will seek to renegotiate this facility in due course and management is confident that a facility will be forthcoming on acceptable terms.

As at the date of this report, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Future developments

See the Chairman's report for an update on future developments.

### Subsequent events

See note 30 to the financial statements for reference to the COVID-19 coronavirus pandemic. There have been no other events since the balance sheet date that would have had a material impact on the financial statements.

### Capital structure

As set out in note 22, the issued share capital of the Company is 17,687,223 ordinary shares of 0.5p each of which 1,073,834 are held in treasury. There have been no changes to the issued share capital since the year end. There is only one class of share in issue and there are no restrictions on the voting rights attached to these shares or the transfer of securities in the Company. Details of share options are set out in the Directors' Remuneration Report. Persons with a shareholding of over 3% in the Company as at 31 December 2019 were:

## Directors' Report (continued)

Shareholder	Total shares	%
C W G Robinson	1,212,601	7.3%
S J Robinson	708,385	4.3%
R B Hartley	654,191	3.9%
R A Shemwell	598,791	3.6%
S C Shemwell	534,091	3.2%
S E A Hardy	525,191	3.2%
H G Shaw	515,191	3.1%
J C Mansell	500,000	3.0%

### Business relationships

Details on how the Directors' have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken are provided in the Section 172(1) section of the Strategic Report.

### Annual General Meeting

The notice convening the Company's 2020 AGM for 11:30am on 30 June 2020 will be set out in a separate document provided to shareholders. The Annual Report and Accounts for the year ended 31 December 2019 is available from the Group's website.

### Independent auditor

On the recommendation of the Audit Committee, in accordance with section 489 of the Act, resolutions are to be proposed at the AGM for the re-appointment of Mazars LLP as auditor of the Company and to authorise the Directors to fix their remuneration. The remuneration of the auditor for the year ended 31 December 2019 is fully disclosed in note 5 to the financial statements.

### Branches outside the United Kingdom

The Company holds an indirect investment in one unlisted company incorporated in Poland. Further details are provided in note 14 to the financial statements.

### Auditor

In the case of each of the persons who are directors of the Company at the date of approval of this report:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Director's Remuneration Report, Corporate Governance 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

On behalf of the Board

**Guy Robinson**

Director

31 March 2020

## Group income statement and statement of comprehensive income

<b>Group income statement</b>	<b>Note</b>	<b>£'000</b>	<b>2019</b>	<b>2018</b>
Revenue	1		35,085	32,802
Cost of sales			(27,593)	(26,918)
<b>Gross profit</b>			<b>7,492</b>	<b>5,884</b>
Operating costs	2		(4,971)	(4,370)
<b>Operating profit before exceptional items and amortisation of intangible assets</b>			<b>2,521</b>	<b>1,514</b>
Exceptional items	3		-	110
Amortisation of intangible assets	12		(810)	(783)
<b>Operating profit</b>			<b>1,711</b>	<b>841</b>
Finance costs	4		(205)	(156)
<b>Profit before taxation</b>	5		<b>1,506</b>	<b>685</b>
Taxation	7		(296)	10
<b>Profit for the period</b>			<b>1,210</b>	<b>695</b>
<b>Earnings per ordinary share (EPS)</b>			<b>p</b>	<b>p</b>
Basic earnings per share	9		7.3	4.2
Diluted earnings per share	9		7.3	4.1

All results are from continuing operations.

<b>Group statement of comprehensive income</b>	<b>Note</b>	<b>£'000</b>	<b>2019</b>	<b>2018</b>
<b>Profit for the period</b>			<b>1,210</b>	<b>695</b>
<b>Items that will not be reclassified subsequently to the Income Statement:</b>				
Re-measurement of net defined benefit liability	31		145	193
Deferred tax relating to items not reclassified			(28)	-
			117	193
<b>Items that may be reclassified subsequently to the Income Statement:</b>				
Exchange differences on retranslation of foreign currency goodwill and intangibles			148	-
Exchange differences on retranslation of foreign currency deferred tax balances			(23)	-
Exchange differences on translation of foreign operations			(579)	(138)
			(454)	(138)
<b>Other comprehensive (expense)/income for the period</b>			<b>(337)</b>	<b>55</b>
<b>Total comprehensive income for the period</b>			<b>873</b>	<b>750</b>

Notes 1 to 32 form an integral part of the financial statements.

## Statement of financial position

	Note	£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Non-current assets</b>						
Goodwill	11		1,144	1,115	-	-
Other intangible assets	12		3,616	4,306	-	-
Property, plant and equipment	13		18,338	19,039	9,233	9,312
Investments in subsidiaries	14		-	-	19,747	20,690
Deferred tax assets	18		937	868	508	523
			<b>24,035</b>	<b>25,328</b>	<b>29,488</b>	<b>30,525</b>
<b>Current assets</b>						
Inventories	15		2,765	2,972	-	-
Trade and other receivables	16		9,646	10,699	458	1,236
Cash at bank and on hand			1,403	1,358	325	227
			<b>13,814</b>	<b>15,029</b>	<b>783</b>	<b>1,463</b>
<b>Total assets</b>			<b>37,849</b>	<b>40,357</b>	<b>30,271</b>	<b>31,988</b>
<b>Current liabilities</b>						
Trade and other payables	17		5,063	5,897	5,846	6,639
Borrowings	19		3,710	6,454	1,164	1,518
Current tax liabilities			255	99	-	37
			<b>9,028</b>	<b>12,450</b>	<b>7,010</b>	<b>8,194</b>
<b>Non-current liabilities</b>						
Borrowings	19		4,639	3,749	2,700	2,700
Deferred tax liabilities	18		1,090	1,056	-	-
Amounts due to group undertakings			-	-	8,249	7,652
Provisions	21		169	174	169	174
			<b>5,898</b>	<b>4,979</b>	<b>11,118</b>	<b>10,526</b>
<b>Total liabilities</b>			<b>14,926</b>	<b>17,429</b>	<b>18,128</b>	<b>18,720</b>
<b>Net assets</b>			<b>22,923</b>	<b>22,928</b>	<b>12,143</b>	<b>13,268</b>
<b>Equity</b>						
Share capital	22		83	83	83	83
Share premium			732	732	732	732
Capital redemption reserve			216	216	216	216
Translation reserve			372	826	-	-
Revaluation reserve			4,134	4,126	391	388
Retained earnings	23		17,386	16,945	10,721	11,849
<b>Equity attributable to shareholders</b>			<b>22,923</b>	<b>22,928</b>	<b>12,143</b>	<b>13,268</b>

As permitted by section 408 of the Companies Act 2006, the parent Company's income statement has not been included in these financial statements and its loss for the financial year after tax amounted to £364,000 (2018: profit £101,000).

Notes 1 to 32 form an integral part of the financial statements. The financial statements were approved by the Board of Directors on 31 March 2020 and were signed on its behalf by:

Helene Roberts  
Director



Guy Robinson  
Director



Registered in England number 39811

## Statement of changes in equity

Group	£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
At 1 January 2018		83	732	216	964	4,321	16,740	23,056
Profit for the year							695	695
Other comprehensive income/(expense)					(138)		193	55
Transfer from revaluation reserve as a result of property transactions						(195)	195	-
Credit in respect of share based payments							12	12
Total comprehensive income for the year		-	-	-	(138)	(195)	1,095	762
Dividends paid							(890)	(890)
Transactions with owners		-	-	-	-	-	(890)	(890)
At 31 December 2018		83	732	216	826	4,126	16,945	22,928
Profit for the year							1,210	1,210
Other comprehensive income/(expense)					(454)		117	(337)
Transfer from revaluation reserve as a result of property transactions						8	(8)	-
Credit in respect of share based payments							12	12
Total comprehensive income for the year		-	-	-	(454)	8	1,331	885
Dividends paid							(890)	(890)
Transactions with owners		-	-	-	-	-	(890)	(890)
At 31 December 2019		83	732	216	372	4,134	17,386	22,923

Company	£'000	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Retained earnings	Total
At 1 January 2018		83	732	216	-	388	12,433	13,852
Profit for the year							101	101
Other comprehensive income							193	193
Credit in respect of share based payments							12	12
Total comprehensive income for the year		-	-	-	-	-	306	306
Dividends paid							(890)	(890)
Transactions with owners		-	-	-	-	-	(890)	(890)
At 31 December 2018		83	732	216	-	388	11,849	13,268
Loss for the year							(364)	(364)
Other comprehensive income							117	117
Transfer from revaluation reserve as a result of property transactions						3	(3)	-
Credit in respect of share based payments							12	12
Total comprehensive income for the year		-	-	-	-	3	(238)	(235)
Dividends paid							(890)	(890)
Transactions with owners		-	-	-	-	-	(890)	(890)
At 31 December 2019		83	732	216	-	391	10,721	12,143

The share premium account is the amount paid for shares issued in excess of the nominal value.

The capital redemption reserve represents the amount by which the Company's share capital has been diminished by the cancellation of shares held in treasury.

The retained earnings reserve represents the accumulated realised earnings from the prior and current periods as reduced by losses and dividends from time to time.

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiary from Polish Zloty are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserve.

The property revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings. Land and buildings are held at deemed cost in the Group and at revalued amounts in the Company.

## Cash flow statement

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Cash flows from operating activities</b>					
Profit/(loss) for the period		1,210	695	(364)	104
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment		1,959	1,795	75	124
Impairment of property, plant and equipment		43	189	-	189
(Profit)/loss on disposal of other plant and equipment		(31)	209	(12)	(5)
Impairment/amortisation of goodwill and customer relationships		810	783	-	-
Decrease in provisions		(5)	(7)	(5)	(7)
Finance income		-	-	(66)	(80)
Finance costs		205	156	172	181
Taxation charged/(credited)		296	(10)	(171)	(99)
Other non-cash items:					
Pension current service cost and expenses		145	193	145	193
Charge for share options		12	12	12	12
Operating cash flows before movements in working capital		4,645	4,015	(214)	612
Decrease/(increase) in inventories		144	(151)	-	-
Increase/(decrease) in trade and other receivables		807	(853)	777	1,511
(Decrease)/Increase in trade and other payables		(745)	329	(191)	(1,621)
Cash generated by operations		4,851	3,340	372	502
Corporation tax paid		(127)	(294)	107	(102)
Interest paid		(205)	(150)	(171)	(181)
<b>Net cash generated by operating activities</b>		<b>4,519</b>	<b>2,896</b>	<b>308</b>	<b>219</b>
<b>Cash flows from investing activities</b>					
Interest received		-	-	66	80
Acquisition of plant and equipment		(1,726)	(4,355)	-	-
Proceeds on disposal of property, plant and equipment		62	15	15	30
<b>Net cash used in investing activities</b>		<b>(1,664)</b>	<b>(4,340)</b>	<b>81</b>	<b>110</b>
<b>Cash flows from financing activities</b>					
Loans repaid		-	(221)	-	-
Loans drawdown		-	2,700	-	2,700
Loans granted to subsidiaries		-	-	-	(1,557)
Loans repaid by subsidiaries		-	-	953	-
Net proceeds from sale and leaseback transactions		1,697	1,300	-	-
Capital element of lease payments		(506)	(106)	-	-
Dividends paid		(890)	(890)	(890)	(890)
<b>Net cash used in financing activities</b>		<b>301</b>	<b>2,783</b>	<b>63</b>	<b>253</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,156</b>	<b>1,339</b>	<b>452</b>	<b>582</b>
Cash and cash equivalents at 1 January		(4,820)	(6,158)	(1,291)	(1,873)
Effect of foreign exchange rate changes		(14)	(1)	-	-
<b>Cash and cash equivalents at end of period</b>		<b>(1,678)</b>	<b>(4,820)</b>	<b>(839)</b>	<b>(1,291)</b>
Cash at bank and on hand		1,403	1,358	325	227
Bank overdrafts		(3,081)	(6,178)	(1,164)	(1,518)
<b>Cash and cash equivalents at end of period</b>		<b>(1,678)</b>	<b>(4,820)</b>	<b>(839)</b>	<b>(1,291)</b>

Notes 1 to 32 form an integral part of the financial statements.

## Notes to the financial statements

### 1 Segmental and revenue information

The directors consider the one operating segment of the Group to be solely plastic and paperboard packaging. Accordingly, the disclosures in respect of this segment are those of the Group as a whole. The Group's internal reports about components of the Group which are those reported to the Board of Directors are based on geographical segments. Results were derived from assets and liabilities held in the following locations:

	UK £'000	Poland £'000	UK Head Office £'000	Total Group £'000
<b>2019</b>				
Revenue	19,198	15,887	-	35,085
Operating profit/(loss) before exceptional items and amortisation of intangible asset	1,546	1,367	(392)	2,521
Amortisation of intangible assets	-	(810)	-	(810)
<b>Operating profit/(loss)</b>	<b>1,546</b>	<b>557</b>	<b>(392)</b>	<b>1,711</b>
<b>Other segment information</b>				
Assets	10,059	20,368	7,422	37,849
Liabilities	(5,707)	(4,344)	(4,875)	(14,926)
Capital expenditure	551	1,175	-	1,726
Depreciation	977	926	57	1,960
Impairment of property, plant and equipment	43	-	-	43
	UK £'000	Poland £'000	UK Head Office £'000	Total Group £'000
<b>2018</b>				
Revenue	17,892	14,910	-	32,802
Operating profit/(loss) before exceptional items and amortisation of intangible asset	626	849	39	1,514
Exceptional items	(80)	-	190	110
Amortisation of intangible assets	-	(783)	-	(783)
<b>Operating profit/(loss)</b>	<b>546</b>	<b>66</b>	<b>229</b>	<b>841</b>
<b>Other segment information</b>				
Segment assets	11,143	22,077	7,137	40,357
Segment liabilities	(8,075)	(4,423)	(4,931)	(17,429)
Capital expenditure	2,310	2,045	-	4,355
Depreciation	741	950	104	1,795
Impairment of property, plant and equipment	-	-	189	189

Items in the segmental analysis for the prior year have been reclassified to better reflect the allocation of income, expenses, assets and liabilities for the year. Group profit and net assets remain unaffected. The segment assets and liabilities presented above exclude intergroup balances and segment capital expenditure excludes intergroup transfers.

The UK - Head Office operating loss/profit is after crediting external property rental and other income (see note 2).

#### Revenue by major customer

Revenues from the Group's largest customer amounted to £3,855,000 (2018: £3,663,000), this is included in the UK operating segment. No other customer contributed 10% or more to group revenue.

#### Revenue by geographic area

Revenue from external customers was derived from the following geographic areas:

	£'000	2019	2018
United Kingdom		18,559	17,710
Europe		15,174	14,104
Others		1,352	988
		<b>35,085</b>	<b>32,802</b>

## Notes to the financial statements (continued)

<b>2 Operating costs</b>	<b>£'000</b>	<b>2019</b>	<b>2018</b>
Selling, marketing and distribution costs		1,231	1,323
Administrative costs		4,099	3,450
Property lease income		(366)	(356)
Other income		(97)	(95)
Loss on foreign exchange		104	48
		<b>4,971</b>	<b>4,370</b>

<b>3 Exceptional items</b>	<b>£'000</b>	<b>2019</b>	<b>2018</b>
The following are items outside the normal course of business:			
Restructuring & rationalisation costs		-	(388)
Property taxes relating to prior years repaid		-	498
		-	110

<b>4 Finance costs</b>	<b>£'000</b>	<b>2019</b>	<b>2018</b>
Interest on bank overdrafts		103	138
Interest on bank and other loans		47	2
Interest on leases		55	17
		<b>205</b>	<b>156</b>

<b>5 Profit before taxation</b>	<b>£'000</b>	<b>2019</b>	<b>2018</b>
The profit before taxation has been stated after charging/(crediting):			
Cost of inventories (included in cost of sales)		26,435	23,036
Employee costs (see note 6)		7,927	7,339
Depreciation of property, plant and equipment (see note 13)			
- owned		1,557	1,730
- held under finance leases and hire purchase agreements		403	65
Amortisation of intangible asset (see note 12)		810	783
Impairment/(writeback) in respect of:			
- inventories (see note 15)		71	288
- receivables (see note 16)		13	143
Loss/(gain) on disposal of plant and equipment		(31)	209
Loss on foreign exchange movements		104	48

Fees payable by the Group to the Company's independent auditor, Mazars LLP, and its associates, were as follows:

Audit fees:			
for the audit of the UK companies		29	28
for the audit of the overseas companies		9	8
Total audit fees		38	36
Non-audit fees - tax compliance services		9	8
Total auditor's remuneration		47	44
Audit fees in respect of the Robinson pension plan (charged to the plan)		4	4

## 6 Employee Information

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

	<b>Group</b>		<b>Company</b>	
<b>Number employed:</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Manufacturing	261	252	-	-
Sales, general and administration	61	55	12	11
<b>Total</b>	<b>322</b>	<b>307</b>	<b>12</b>	<b>11</b>

<b>Employee costs during the year amounted to:</b>	<b>£'000</b>			
Wages and salaries	6,926	6,327	995	713
Social security costs	848	788	120	89
Pension costs	141	212	19	47
Share based charges	12	12	12	12
<b>Total</b>	<b>7,927</b>	<b>7,339</b>	<b>1,146</b>	<b>861</b>

The pension costs above all relate to defined contribution plans. Directors' emoluments are included in the above and are detailed further in the Directors' Remuneration Report.

## Notes to the financial statements (continued)

### 7 Taxation

Current corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year. In addition, deferred tax of £nil (2018: £nil) has been debited/credited directly to equity in the year (see note 18). The tax charge for the year can be reconciled to the profit per the income statement as follows:

	£'000	2019	2018
Current tax on profit for the year		443	203
Adjustments for current tax of prior periods		(182)	(8)
<b>Total current tax charge</b>		<b>261</b>	<b>195</b>
Increase in deferred tax assets		(69)	(773)
Increase in deferred tax liability		12	568
<b>Total current deferred tax credit</b>		<b>(57)</b>	<b>(205)</b>
Other tax charge		92	-
<b>Total tax charge/(credit)</b>		<b>296</b>	<b>(10)</b>
Profit before taxation		1,506	685
At the effective rate of tax of 19% (2018: 19%)		286	130
Items disallowable for tax		81	(18)
Depreciation on assets ineligible for capital allowances		21	57
Capital allowance for year in excess of depreciation		(8)	-
Prior year adjustments - corporation tax		(174)	(93)
Prior year adjustments - deferred tax		11	(104)
Non-taxable items		(12)	-
Other differences		91	18
<b>Tax charge/(credit) for the year</b>		<b>296</b>	<b>(10)</b>

The total tax recognised in other comprehensive income in the year was £nil (2018: £nil). There are unrecognised capital losses carried forward of £688,000 (2018: £688,000). With this exception, the directors are not aware of any material factors affecting the future tax charge. Deferred tax balances have been provided at 19% in these accounts.

8 Dividends	£'000	2019	2018
Ordinary dividend paid:			
2017 final of 3.0p per share		-	485
2018 interim of 2.5p per share		-	405
2018 final of 3.0p per share		485	-
2019 interim of 2.5p per share		405	-
		<b>890</b>	<b>890</b>

An interim dividend of 2.5p per ordinary share was paid on 2 October 2019 (2018: 2.5p). The Directors are not proposing a final dividend for the year ended 31 December 2019 (2018: 3.0p per ordinary share). Total dividends paid during the year, including the final dividend for 2018, were £890,000 (2018: £890,000). No dividends have been paid between 31 December 2019 and the date of signing the Financial Statements.

### 9 Earnings per share

The calculation of basic and diluted earnings per ordinary share for continuing operations shown on the income statement is based on the profit after taxation of £1,210,000 (2018: £695,000) divided by the weighted average number of shares in issue, net of treasury shares of 16,613,389 (2018: 16,613,389) and for diluted earnings per share of 16,674,548 (2018: 16,791,171) after the potentially dilutive effect of further shares issued through share options is applied.

	2019	2018
<b>Weighted average number of ordinary shares in issue (thousands)</b>	<b>16,613</b>	<b>16,613</b>
Effective of dilutive share option awards (thousands)	61	178
<b>Weighted average number of ordinary shares for calculating diluted earnings per share (thousands)</b>	<b>16,675</b>	<b>16,791</b>

200,494 (2018: 200,494) share options were not included in the diluted earnings per share calculation as their effect is anti-dilutive in the periods presented.

10 Property lease income	£'000	2019	2018
Receivable:			
- within one year		230	230
- between one and two years		190	230
- between two and three years		190	176
- between three and four years		183	108
- between four and five years		81	101
		<b>874</b>	<b>845</b>

## Notes to the financial statements (continued)

### 11 Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The total goodwill balance relates to the Madrox business in Poland, acquired in 2014, which forms a part of the Poland operating segment.

<b>Group</b>	
<b>Cost</b>	<b>£'000</b>
At 1 January 2018	1,487
Exchange differences	-
At 31 December 2018	1,487
Exchange differences	39
At 31 December 2019	1,526
<b>Accumulated impairment losses</b>	
At 1 January 2018	372
Exchange differences	-
At 31 December 2018	372
Exchange differences	10
At 31 December 2019	382
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	<b>1,144</b>
At 31 December 2018	1,115

The Group tests goodwill and the associated intangible assets annually for impairment, or more frequently if there are indications that an impairment may be required. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for these calculations are those regarding discount rates, sales and operating profit growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money for the Group. In respect of the other assumptions, external data and management's best estimates are applied. The Group performs goodwill impairment reviews by forecasting cash flows based upon the following year's budget, which anticipates sales growth, and a projection of sales and cash flows based upon industry growth expectations over a further period of four years. The forecasts used in the annual impairment reviews have been prepared taking into account current economic conditions. After this period, the sales growth rates applied to the cash flow forecasts are no more than 2% (2018: 2%) in perpetuity. The pre-tax rate used to discount the forecast cash flows is 5.4% (2018: 10%), which reflects the weighted average cost of capital for the Group. The carrying value of the Group's CGUs remain supportable. The Group has conducted a sensitivity analysis on the impairment test of the CGU carrying value. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

### 12 Intangible assets

<b>Group</b>	<b>Customer relationships</b>
<b>Cost</b>	<b>£'000</b>
At 1 January 2018	7,830
Exchange differences	-
At 31 December 2018	7,830
Exchange differences	206
At 31 December 2019	8,036
<b>Amortisation</b>	
At 1 January 2018	2,741
Charge for the year	783
Exchange differences	-
At 31 December 2018	3,524
Charge for the year	810
Exchange differences	86
At 31 December 2019	4,420
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	<b>3,616</b>
At 31 December 2018	4,306

The amortisation period for customer relationships acquired is 10 years.

## Notes to the financial statements (continued)

<b>13 Property, plant and equipment Group</b>	<b>£'000</b>	<b>Land and buildings</b>	<b>Surplus properties</b>	<b>Plant and machinery</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost or deemed cost</b>						
At 1 January 2018		9,551	4,046	24,555	1,124	39,276
Additions at cost		17	-	4,338	-	4,355
Disposals		-	-	(1,701)	-	(1,701)
Movement between categories		-	-	1,112	(1,112)	-
Exchange movement		(82)	-	(158)	(12)	(252)
At 31 December 2018		9,486	4,046	28,146	-	41,678
Additions at cost		31	-	1,170	525	1,726
Disposals		-	-	(305)	-	(305)
Reclassified		-	-	345	-	345
Exchange movement		(265)	-	(642)	-	(907)
At 31 December 2019		9,252	4,046	28,714	525	42,537
<b>Accumulated depreciation and impairment</b>						
At 1 January 2018		2,325	208	19,732	-	22,265
Charge for year		280	-	1,515	-	1,795
Impairment		-	189	-	-	189
Disposals		-	-	(1,477)	-	(1,477)
Exchange movement		(18)	-	(115)	-	(133)
At 31 December 2018		2,587	397	19,655	-	22,639
Charge for year		240	-	1,720	-	1,960
Impairment		-	-	43	-	43
Disposals		-	-	(274)	-	(274)
Reclassified		-	-	345	-	345
Exchange movement		(72)	-	(442)	-	(514)
At 31 December 2019		2,755	397	21,047	-	24,199
<b>Net book value</b>						
At 31 December 2019		6,497	3,649	7,667	525	18,338
At 31 December 2018		6,899	3,649	8,491	-	19,039

  

<b>Company</b>	<b>£'000</b>	<b>Land and buildings</b>	<b>Surplus properties</b>	<b>Plant and machinery</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost or deemed cost</b>						
At 1 January 2018		4,656	6,739	321	-	11,716
Intergroup transfer		-	-	(36)	-	(36)
Disposals		-	-	(219)	-	(219)
At 31 December 2018		4,656	6,739	66	-	11,461
Intergroup transfer		-	-	41	-	41
Disposals		-	-	(42)	-	(42)
At 31 December 2019		4,656	6,739	65	-	11,460
<b>Accumulated depreciation and impairment</b>						
At 1 January 2018		1,657	133	277	-	2,067
Charge for year		112	-	11	-	123
Impairment		-	189	-	-	189
Intergroup transfer		-	-	(11)	-	(11)
Disposals		-	-	(219)	-	(219)
At 31 December 2018		1,769	322	58	-	2,149
Charge for year		73	-	2	-	75
Intergroup transfer		-	-	41	-	41
Disposals		-	-	(38)	-	(38)
At 31 December 2019		1,842	322	63	-	2,227
<b>Net book value</b>						
At 31 December 2019		2,814	6,417	2	-	9,233
At 31 December 2018		2,887	6,417	8	-	9,312

## Notes to the financial statements (continued)

### 13 Property, plant and equipment (continued)

At 31 December 2019 had the land and buildings and surplus properties been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £5,541,000 (2018: £5,897,000); Company £1,863,000 (2018: £1,927,000). The Directors consider the fair value of the surplus properties held by the Group equates to a market value of £6,400,000 (2018: £6,400,000).

### 14 Investments in subsidiaries

Company	£'000	Shares in group undertakings	Loans to group undertakings	Total
<b>Cost</b>				
At 1 January 2018		1	23,288	23,289
Exchange differences		-	(15)	(15)
At 31 December 2018		1	23,273	23,274
Exchange differences		-	-	-
Loans repaid		-	(952)	(952)
At 31 December 2019		1	22,321	22,322
<b>Amounts written off</b>				
At 1 January 2018		-	2,507	2,507
Written off in the period		-	77	77
At 31 December 2018		-	2,584	2,584
Released in the period		-	(9)	(9)
At 31 December 2019		-	2,575	2,575
<b>Net book value</b>				
At 31 December 2019		1	19,746	19,747
At 31 December 2018		1	20,689	20,690

The loans are classed as equity investments and repayment is neither planned nor likely in the foreseeable future. Provision has been made against amounts due from subsidiaries where there is a shortfall of net assets to satisfy the debtor.

#### Interests in Group undertakings

The Company has the following interest in subsidiaries, all of which are included in the consolidated accounts:

Name of undertaking	Country	Activities
Robinson (Overseas) Limited	England	Intermediate holding company
Robinson Paperbox Packaging Limited	England	Manufacture of paperboard packaging
Robinson Plastic Packaging Limited	England	Manufacture of plastic packaging
Robinson Packaging Polska Sp z o.o	Poland	Manufacture of plastic packaging
Walton Mill (Chesterfield) Limited	England	Property company
Walton Estates (Chesterfield) Limited	England	Dormant company
Lowmoor Estates Limited	England	Dormant company
Portland Works Limited	England	Dormant company
Robinson Plastic Packaging (Stanton Hill) Limited	England	Dormant company

In each case, the Company's equity interest is in the form of ordinary shares. The registered address of all the companies is Field House, Wheatbridge, Chesterfield S40 2AB except for Robinson Packaging Polska Sp z o.o whose registered address is 238 Gen J Dabrowskiego Street, 93-231 Lodz, Poland. The percentage shareholding for all subsidiaries is 100%. All investments except Robinson Packaging Polska Sp z o.o are held directly.

### 15 Inventories

Group	£'000	2019	2018
Raw materials, packaging and consumables		1,789	1,806
Work in progress		19	13
Finished goods and goods for resale		957	1,153
		2,765	2,972

The carrying value of inventories represents fair value less costs to sell, they are stated net of an allowance of £392,000 (2018: £452,000) in respect of excess, obsolete or slow-moving items.

## Notes to the financial statements (continued)

## 15 Inventories (continued)

Movements in the allowance were as follows:

Inventory provision movements	£'000	Group 2019	Group 2018
At 1 January		(452)	(269)
Utilisation		131	105
Unused amount reversed		51	18
Increase in allowance		(122)	(306)
At 31 December		(392)	(452)

## 16 Trade and other receivables

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
Trade receivables		9,393	9,778	211	255
Less: provision for impairment of trade receivables		(189)	(206)	-	-
Trade receivables - net		9,204	9,572	211	255
Receivables from subsidiaries		-	-	93	907
Other receivables		167	913	8	9
Prepayments		168	174	39	65
Trade and other receivables		9,539	10,659	351	1,236
Current tax assets		107	40	107	-
Total receivables		9,646	10,699	458	1,236

Trade terms are a maximum of 120 days credit. The average credit period taken is 78 days (2018: 81 days).

Due to their short-term nature, the fair value of trade and other receivables does not differ from book value.

The net impairment of trade receivables charged to the income statement was £13,000 (2018: £143,000). There is no impairment of any receivables other than trade receivables.

Trade receivables from one customer amounted to £1,030,000 at 31 December 2019 (2018: £985,000).

Trade receivables are regularly reviewed for bad and doubtful debts. An allowance has been made for estimated credit losses from trade receivables as follows:

	Current	More than 30 days past due	More than 90 days past due	More than 120 days past due	More than 210 days past due	Total
At 31 December 2019						
Expected loss rate	-	-	-	50%	100%	
Gross carrying amount (£'000)	8,874	293	75	91	60	9,393
Credit loss allowance (£'000)	-	-	-	46	60	106

	Current	More than 30 days past due	More than 90 days past due	More than 120 days past due	More than 210 days past due	Total
At 31 December 2018						
Expected loss rate	-	-	-	50%	100%	
Gross carrying amount (£'000)	9,425	217	40	75	21	9,778
Credit loss allowance (£'000)	-	-	-	38	21	59

In addition to the credit loss allowance, the provision for impairment of trade receivables includes additional specific provisions for estimated irrecoverable debts of £nil (2018: £123,000) and credit note provisions of £83,000 (2018: £24,000).

Movement in the allowance for doubtful debts	£'000	Group 2019	Group 2018	Company 2019	Company 2018
At 1 January		(206)	(66)	-	-
Utilisation		30	3	-	-
Unused amount reversed		148	27	-	-
Charged to income statement		(161)	(170)	-	-
At 31 December		(189)	(206)	-	-

## Notes to the financial statements (continued)

### 16 Trade and other receivables (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 31 December 2018 respectively and the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 365 days past due.

Trade receivables are measured at amortised cost.

### 17 Trade and other payables

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
Trade payables		2,964	4,056	91	60
Amounts due to subsidiaries		-	-	5,107	5,924
Social security and other taxes		702	728	236	263
Other payables		716	323	79	88
Accruals and deferred income		681	790	333	304
		<b>5,063</b>	<b>5,897</b>	<b>5,846</b>	<b>6,639</b>

The carrying amount of trade and other payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid on a timely basis. The average credit period taken is 41 days (2018: 52).

### 18 Deferred taxation

The deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period are as follows:

Group	£'000	Accelerated tax depreciation	Short term temporary differences	Fair value gains	Total
At 1 January 2018		(17)	386	24	393
Charge to income		24	(229)	-	(205)
Charged through other comprehensive income		-	-	-	-
At 31 December 2018		7	157	24	188
Charge to income		50	(107)	-	(57)
Charged through other comprehensive income		-	-	-	-
Exchange differences		-	22	-	22
<b>At 31 December 2019</b>		<b>57</b>	<b>72</b>	<b>24</b>	<b>153</b>

  

<b>Company</b>					
At 1 January 2018		(3)	(512)	12	(503)
Charge to income		-	(20)	-	(20)
Charged through other comprehensive income		-	-	-	-
At 31 December 2018		(3)	(532)	12	(523)
Charge to income		2	13	-	15
Charged through other comprehensive income		-	-	-	-
<b>At 31 December 2019</b>		<b>(1)</b>	<b>(519)</b>	<b>12</b>	<b>(508)</b>

  

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
Deferred tax liability		1,090	1,056	-	-
Deferred tax asset		(937)	(868)	(508)	(523)
		<b>153</b>	<b>188</b>	<b>(508)</b>	<b>(523)</b>

Deferred tax has been provided at 19%. Certain deferred tax liabilities have been offset. The above is the analysis of the deferred tax balances (after offset) for financial reporting purposes. The directors consider that the Group will generate sufficient taxable profits in future years with which to recover the deferred tax asset.

## Notes to the financial statements (continued)

**19 Borrowings**

Borrowings may be analysed as follows:

	Group			Company		
	Current liabilities	Non-current liabilities	Total liabilities	Current liabilities	Non-current liabilities	Total liabilities
<b>At 31 December 2019</b>						
Bank overdrafts	3,081	-	3,081	1,164	-	1,164
Bank and other loans	-	2,700	2,700	-	2,700	2,700
Lease liabilities	629	1,939	2,568	-	-	-
<b>Total</b>	<b>3,710</b>	<b>4,639</b>	<b>8,349</b>	<b>1,164</b>	<b>2,700</b>	<b>3,864</b>
<b>At 31 December 2018</b>						
Bank overdrafts	6,178	-	6,178	1,518	-	1,518
Bank and other loans	-	2,700	2,700	-	2,700	2,700
Lease liabilities	276	1,049	1,325	-	-	-
<b>Total</b>	<b>6,454</b>	<b>3,749</b>	<b>10,203</b>	<b>1,518</b>	<b>2,700</b>	<b>4,218</b>

Bank and other loans are repayable as follows:

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
Bank and other loans					
- within one year		-	-	-	-
- due after one and within two years		2,700	-	2,700	-
- due after two and within five years		-	2,700	-	2,700
		<b>2,700</b>	<b>2,700</b>	<b>2,700</b>	<b>2,700</b>

The bank overdraft facility is repayable on demand and bears interest at a rate that varies with the HSBC sterling base rate. It is secured on a first charge over certain of the Group's properties. The undrawn facility at 31 December 2019 was £4.9m.

A loan of £2.7m from the pension escrow account was made during 2018, bears interest at a rate that varies with the Bank of England sterling base rate and is secured by a charge over certain of the Group's properties (see note 31 for more details).

The Group leases certain plant and machinery under finance lease and hire purchase contracts, which are denominated in Sterling, Euros, and Polish Zloty. The average remaining lease term is 3.8 years (2018: 4.3 years). For the year ended 31 December 2019, the average effective borrowing rate was 1.0% (2018: 1.3%). Lease liabilities are secured on the assets to which they relate. The carrying amount of the Group's lease obligations approximates to their fair value.

**20 Leasing****Leased assets where the Group is a lessee**

The balance sheet includes the following amounts relating to leased assets where the Group is a lessee:

Group	£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Right-of-use assets</b>					
Plant and machinery		3,115	1,700	-	-
		<b>3,115</b>	<b>1,700</b>	<b>-</b>	<b>-</b>
<b>Lease liabilities</b>					
Current		629	276	-	-
Non-current		1,939	1,049	-	-
		<b>2,568</b>	<b>1,325</b>	<b>-</b>	<b>-</b>

Additions to right-of-use assets during the year amounted to £1,891,000.

The Group income statement includes the following amounts relating to leased assets:

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Depreciation charge on right-of-use assets</b>					
Plant and machinery		403	65	-	-
		<b>403</b>	<b>65</b>	<b>-</b>	<b>-</b>
Interest expense (see note 4)		55	17	-	-

## Notes to the financial statements (continued)

### 20 Leasing (continued)

Leases are repayable as follows:

Group	£'000	Minimum lease payments		Present value of minimum lease payments	
		2019	2018	2019	2018
Amounts payable under lease contracts:					
- within one year		660	301	629	276
- after one and within five years		1,974	1,085	1,939	1,049
		2,634	1,386	2,568	1,325
Less: future finance charges		(66)	(61)		
<b>Present value of lease obligations</b>		<b>2,568</b>	<b>1,325</b>		

### Sale and leaseback transactions

In the normal course of business, the Group constructs plant and machinery assets over a period of time, typically 6 to 9 months. In some cases after commissioning of the asset, it may be subject to a sale and hire purchase transaction, whereby the Group sells the asset to a finance provider and commits to pay monthly lease rentals for a period of time before re-assuming ownership. In 2019 there were seven transactions of this type raising £2,102,000 before deposit payments. No gain or loss was recognised on these transactions during the period.

### Leased assets where the Group is a lessor

The Group leases various properties to tenants with rentals payable monthly or quarterly in advance. Lease payments for some contracts include RPI/CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties. The Group carrying value of properties subject to operating leases is £4,301,000 (2018: £4,348,000), only part of which is occupied by tenants. Property lease income is disclosed in note 2, and minimum receipts under property leases are disclosed in note 10.

### 21 Provisions for liabilities

Group and Company	£'000	Post-retirement benefits
At 1 January 2018		181
Movement in year		(7)
At 31 December 2018		174
Movement in year		(5)
At 31 December 2019		169

The Group provides medical insurance to certain retired employees and to an executive director on retirement. A provision has been made to meet this liability. The principal assumptions used in determining the required provisions are a discount rate of 3% per annum, medical cost inflation of 9% per annum, and individual life expectancy assumptions. Based on those assumptions the provision is expected to be utilised over 35 years.

### 22 Called up share capital

	2019	2018.
<b>Authorised:</b>		
70,000,000 ordinary shares of 0.5p each	350	350
<b>Allotted, called up and fully paid (ordinary shares of 0.5p):</b>		
17,687,223 shares	88	88
Held in Treasury: 1,073,834 shares (2018: 1,073,834)	(5)	(5)
<b>Net Issued Share Capital: 16,613,389 shares (2018: 16,613,389)</b>	<b>83</b>	<b>83</b>

The Company has one class of ordinary shares which carries no right to fixed income. There are no special rights or restrictions associated with these ordinary shares. The shares held in Treasury arise from the buy-back of shares in 2004 and have not been cancelled as they are being used to satisfy share options and other future issues of shares.

### 23 Retained earnings

An amount of £200,000 included in the retained earnings of the Company relates to the revaluation of property held in its subsidiaries and is not distributable.

### 24 Risk management objectives and policies

The Group and the Company are exposed to market risk through their use of financial instruments and specifically to credit risk and foreign currency risks, which result from the Group's operating activities and the Company's investing activities. The Group's risk is managed in close co-operation with the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Robinson does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below. See also below for a summary of the Group's financial assets and liabilities by category.

## Notes to the financial statements (continued)

### 24 Risk management objectives and policies (continued)

#### Summary of financial assets and financial liabilities by category

The carrying amounts of financial assets and liabilities as recognised at 31 December of the reporting periods under review may also be categorised as follows:

£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Financial assets measured at amortised cost</b>				
Trade receivables	9,204	10,485	211	255
Other receivables	167	-	8	9
Amounts due from subsidiaries	-	-	19,839	21,596
Cash at bank and on hand	1,403	1,358	325	227
	<b>10,774</b>	<b>11,843</b>	<b>20,383</b>	<b>22,087</b>
<b>Financial liabilities measured at amortised cost</b>				
Trade payables	(2,964)	(4,056)	(91)	(60)
Other payables	(716)	(323)	(79)	(88)
Accrued expenses	(681)	(790)	(333)	(304)
Amounts due to group undertakings	-	-	(13,356)	(13,576)
Bank overdrafts	(3,081)	(6,178)	(1,164)	(1,518)
Bank and other loans	(2,700)	(2,700)	(2,700)	(2,700)
Lease liabilities	(2,568)	(1,325)	-	-
	<b>(12,710)</b>	<b>(15,372)</b>	<b>(17,723)</b>	<b>(18,246)</b>
<b>Net financial assets and liabilities</b>	<b>(1,936)</b>	<b>(3,529)</b>	<b>2,660</b>	<b>3,841</b>
<b>Non-financial assets and liabilities</b>	<b>24,859</b>	<b>26,457</b>	<b>9,483</b>	<b>9,427</b>
<b>Total equity</b>	<b>22,923</b>	<b>22,928</b>	<b>12,143</b>	<b>13,268</b>

All financial assets and financial liabilities noted in the above table are measured at amortised cost.

Cash at bank and on hand, bank overdrafts and bank and other loans largely attract floating interest rates. Accordingly, management considers that their carrying amount approximates to fair value.

Lease liabilities may attract floating interest rates or fixed interest rates implicit in the lease rentals and their fair value has been assessed relative to prevailing market interest rates, management considers that their carrying amount approximates to fair value.

#### Foreign currency risk

##### Transaction risk

Foreign currency transaction risk arises on sales and purchases denominated in currencies other than the functional currency of the entity that enters into the transaction. Group transactions are primarily in Sterling, Polish Zloty or Euros. The magnitude of these transactional exposures is relatively low for the group as sales and purchases are typically matched by currency and commercial contracts include escalators for currency movements on raw materials. The Group does not typically hedge transactional currency risk with derivative instruments, but exchange rate movements are regularly monitored.

##### Translation risk

Foreign currency translation risk arises on consolidation in relation to the translation into Sterling of the results and net assets of the Group's Polish subsidiary.

The currency profile of net assets was as follows:

£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Net assets by currency</b>				
Sterling	6,574	4,595	12,443	13,684
Polish Zloty	15,293	17,637	(622)	(641)
Euro	1,065	673	322	225
Others	(10)	23	-	-
<b>Total</b>	<b>22,923</b>	<b>22,928</b>	<b>12,143</b>	<b>13,268</b>

## Notes to the financial statements (continued)

### 24 Risk management objectives and policies (continued)

The following table details the Group's sensitivity to a 10 per cent increase and decrease in sterling against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the period end. A positive number below indicates an increase in profit and other equity where sterling weakens 10 per cent against the Euro and Polish Zloty.

Currency impact	Euro		Polish Zloty	
	+10%	-10%	+10%	-10%
Profit or loss for the year	(97)	118	(141)	173
Equity	(97)	118	(141)	173

#### Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows associated with, a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its floating rate borrowings. The interest rate profile of the Group's interest-bearing financial assets and financial liabilities was as follows:

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Floating rate</b>					
Bank overdrafts		(3,081)	(6,178)	(1,164)	(1,518)
Bank and other loans:					
- pension escrow loan		(2,700)	(2,700)	(2,700)	(2,700)
Lease liabilities		(1,161)	(263)	-	-
Cash at bank and on hand		1,403	1,358	325	227
Amounts due to group undertakings		-	-	(603)	(635)
		(5,539)	(7,783)	(4,142)	(4,626)
<b>Fixed rate</b>					
Lease liabilities		(1,407)	(1,062)	-	-
		(1,407)	(1,062)	-	-
<b>Total</b>		(6,946)	(8,845)	(4,142)	(4,626)

Interest payable on bank overdrafts and floating rate loans is based on base rates and short-term interbank rates. At 31 December 2019, the weighted average interest rate payable on bank overdrafts was 2.00% (2018: 2.00%). At 31 December 2019, the weighted average interest rate payable on bank and other loans was 1.75% (2018: 1.75%). At 31 December 2019, the weighted average interest rate receivable on cash at bank and in hand was nil% (2018: nil%). At 31 December 2019, the weighted average interest rate payable on amounts due to group undertakings was 3.6% (2018: 3.6%).

On the assumption that a change in market interest rates would be applied to the interest rate exposures that were in existence at the balance sheet date an increase/decrease of 100 basis points in market interest rates would decrease/increase the Group's profit before tax by £69,000 (2018: £72,000), and the Company's profit before tax by £45,000 (2018: £49,000).

#### Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has three types of financial assets that are subject to the expected credit loss model: trade receivables; other receivables; and cash at bank and in hand.

Disclosure regarding expected credit losses on trade receivables is provided in note 16. While other receivables and cash at bank and on hand are also subject to the requirements of IFRS 9, the identified impairment loss was immaterial. The Group's cash balances are managed such that there is no significant concentration of credit risk in any one bank or other financial institution. Management monitors the credit quality of the institutions with which it holds deposits.

The Group continuously monitors defaults (for debts beyond due date) of customers and incorporates this information into its credit risk controls. External credit ratings and reports on customers are obtained and used. The Group's policy is to deal only with creditworthy customers. The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any counterparty or group of counterparties having similar characteristics.

## Notes to the financial statements (continued)

### 24 Risk management objectives and policies (continued)

At 31 December 2019, the maximum exposure to credit risk (excluding intercompany balances in the Company) was as follows:

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
Trade and other receivables:					
- Trade receivables		9,393	9,778	211	255
- Other receivables		167	913	8	9
		9,560	10,691	219	264
Cash at bank and on hand		1,403	1,358	325	227
<b>Total</b>		<b>10,963</b>	<b>12,049</b>	<b>544</b>	<b>491</b>

#### Liquidity risk analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. The Group's liabilities have contractual maturities that are summarised below:

#### Group

At 31 December 2019 £'000	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Trade payables	2,964	-	-	-	-	2,964
Other financial liabilities	1,397	-	-	-	-	1,397
Bank overdrafts	3,081	-	-	-	-	3,081
Bank and other loans:						
- principal	-	2,700	-	-	-	2,700
- interest	47	12	-	-	-	59
Minimum lease payments	660	690	630	520	134	2,634
	<b>8,149</b>	<b>3,402</b>	<b>630</b>	<b>520</b>	<b>134</b>	<b>12,835</b>

At 31 December 2018 £'000	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Trade payables	4,056	-	-	-	-	4,056
Other financial liabilities	1,113	-	-	-	-	1,113
Bank overdrafts	6,178	-	-	-	-	6,178
Bank and other loans:						
- principal	-	-	2,700	-	-	2,700
- interest	47	47	12	-	-	106
Minimum lease payments	301	265	361	247	212	1,386
	<b>11,695</b>	<b>312</b>	<b>3,073</b>	<b>247</b>	<b>212</b>	<b>15,539</b>

#### Company

At 31 December 2019 £'000	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Trade payables	91	-	-	-	-	91
Other financial liabilities	412	-	-	-	-	412
Bank overdrafts	1,164	-	-	-	-	1,164
Bank and other loans:						
- principal	-	2,700	-	-	-	2,700
- interest	47	12	-	-	-	59
Amounts owed to subsidiaries	5,107	-	-	-	8,249	13,356
	<b>6,821</b>	<b>2,712</b>	<b>-</b>	<b>-</b>	<b>8,249</b>	<b>17,782</b>

At 31 December 2018 £'000	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Trade payables	60	-	-	-	-	60
Other financial liabilities	392	-	-	-	-	392
Bank overdrafts	1,518	-	-	-	-	1,518
Bank and other loans:						
- principal	-	-	2,700	-	-	2,700
- interest	47	47	12	-	-	106
Amounts owed to subsidiaries	5,924	-	-	-	7,652	13,576
	<b>7,941</b>	<b>47</b>	<b>2,712</b>	<b>-</b>	<b>7,652</b>	<b>18,352</b>

## Notes to the financial statements (continued)

### 25 Group capital and net debt

The Group's capital comprises total equity and net debt. The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Group monitors capital based on the carrying amount of equity and net debt. Robinson manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Directors aim to maintain an efficient capital structure with a relatively conservative level of debt-to-equity gearing so as to ensure continued access to a broad range of financing sources in order to provide sufficient flexibility to pursue commercial opportunities as they arise. In order to maintain its capital structure, the Group may adjust the dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Group's capital was as follows:

	£'000	2019	2018	2017
Total equity		22,923	22,928	23,056
Net debt		6,946	8,845	6,510
Capital		29,869	31,773	29,566
Gearing (average net debt / average capital)	%	26%	25%	

Movements in Group net debt were as follows:

	£'000	At 31 December 2018	Exchange movements	Cash flows	At 31 December 2019
Cash at bank and on hand		1,358	(70)	115	1,403
Bank overdrafts		(6,178)	-	3,097	(3,081)
Bank and other loans		(2,700)	-	-	(2,700)
Lease liabilities		(1,325)	59	(1,302)	(2,568)
<b>Net debt</b>		<b>(8,845)</b>	<b>(11)</b>	<b>1,910</b>	<b>(6,946)</b>

	£'000	At 31 December 2017	Exchange movements	Cash flows	At 31 December 2018
Cash at bank and on hand		283	(3)	1,078	1,358
Bank overdrafts		(6,441)	-	263	(6,178)
Bank and other loans		(221)	3	(2,482)	(2,700)
Lease liabilities		(131)	(1)	(1,193)	(1,325)
<b>Net debt</b>		<b>(6,510)</b>	<b>(1)</b>	<b>(2,334)</b>	<b>(8,845)</b>

### 26 Capital commitments

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
Contracted but not provided in these financial statements		2,208	328	469	-

### 27 Assets pledged as security

The carrying amounts of assets pledged as security (excluding intercompany balances in the Company) for current and non-current borrowings are:

	£'000	Group 2019	Group 2018	Company 2019	Company 2018
<b>Current</b>					
Floating charge					
Cash and cash equivalents		326	2	325	227
Trade and other receivables		5,105	5,729	365	329
<b>Total current assets pledged as security</b>		<b>5,431</b>	<b>5,731</b>	<b>690</b>	<b>556</b>
<b>Non-current</b>					
First mortgage					
Land and buildings		2,573	2,627	2,815	2,888
Surplus properties		3,649	3,649	6,417	6,417
		6,222	6,276	9,232	9,304
Lease liabilities					
Plant and equipment		3,115	1,700	-	-
		3,115	1,700	-	-
Floating charge					
Plant and equipment		2,316	3,504	2	7
		2,316	3,504	2	7
<b>Total non-current assets pledged as security</b>		<b>11,653</b>	<b>11,480</b>	<b>9,234</b>	<b>9,311</b>
<b>Total assets pledged as security</b>		<b>17,084</b>	<b>17,211</b>	<b>9,924</b>	<b>9,867</b>

## Notes to the financial statements (continued)

### 28 Contingent liabilities

There were contingent liabilities at 31 December 2019 in relation to cross guarantees of bank overdrafts and leases given by the Company on behalf of other Group undertakings. The amount guaranteed at 31 December 2019 was £3,079,000 (2018: £5,148,000). The directors have considered the fair value of the cross guarantee and do not consider this to be significant.

### 29 Related parties

Transactions took place in the normal course of business between the Company and its subsidiaries during the year as follows:

	£'000	2019	2018
Charges by the Company to its subsidiaries:			
Rent		543	543
Management charges		300	310
Interest		66	79
Other charges (including costs incurred by the Company on behalf of its subsidiaries and subsequently recharged to them)		6,841	5,567
		<b>7,750</b>	<b>6,499</b>
Charges by the subsidiaries to the Company (mainly costs incurred by them on behalf of the Company and recharged to it)		126	64
<b>Net balances due from subsidiaries outstanding at the year end</b>		<b>6,483</b>	<b>7,078</b>

£7,469,000 of the net charges in 2019 related to UK subsidiaries (2018: £6,118,000).

Note 28 discloses cross-guarantees between the Company, its subsidiaries and finance providers in relation to bank overdrafts and leases, this is considered to have minimal value.

Details of transactions between the Group and other related parties are disclosed below:

#### Post-employment benefit plans

Contributions amounting to £170,000 (2018: £380,000) were payable by the Company to a pension plan established for the benefit of its employees. At 31 December 2019, £1,000 (2018: £61,000) in respect of contributions due was included in Other Payables. An amount of £2.7m held in the Pension Escrow Account is loaned to the Company on commercial terms and secured on surplus property valued at £3m held by the Group (see note 31 for further details). In 2019, Robinson plc incurred and recharged expenses of £41,000 (2018: £42,000) on behalf of the pension plan and charged £31,000 (2018: £34,000) in respect of administration services provided to the plan.

#### Compensation of key management personnel

For the purposes of these disclosures, the Group and Company regards its key management personnel as the Directors, including non-executive Directors. Compensation payable to key management personnel in respect of their services to the Group was as follows:

	£'000	2019	2018
Short-term employee benefits		886	567
Termination benefits		-	251
IFRS 2 share option charge		5	-
		<b>891</b>	<b>818</b>

### 30 Non-adjusting post balance sheet events

Since the balance sheet date there has been a global outbreak of a novel strain of coronavirus (COVID-19). On 12 March the World Health Organisation declared the outbreak a pandemic. Many countries, including the UK and Poland, have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. The Directors considered the financial impact of this pandemic and have concluded that the matter is a non-adjusting post balance sheet event. See the Chairman's Report on page 4, "Principal Risks and Uncertainties" in the Strategic Report on page 8, and the going concern disclosures on page 49 for further information.

## Notes to the financial statements (continued)

### 31 Employee Benefit Obligations

The Group operates a defined contribution plan for UK employees, which was demerged (into a separate Mastertrust arrangement) from the Robinson & Sons Limited Pension Fund during the year. This plan receives contributions to the members' pension pots from the Group and member. Polish employees are members of a pay-as-you-go plan based on notional defined contribution accounts, run by the Polish state-owned Social Insurance Institution. The Group's obligations in respect of these plans is limited to the contributions. The expense is recognised in the current Income Statement. The rest of this note relates to the Group's UK defined benefit plan (the "Plan").

The Robinson & Sons Limited Pension Fund is a defined benefit plan, which was closed to new members in 1997 and provides benefits to members in the form of a guaranteed pension for life. The level of benefits are based on each member's salary and pensionable service prior to leaving the Plan. Benefits receive statutory revaluation in deferment. Once in payment, pension increases are applied, the majority of which are linked to inflation (subject to floors and caps).

The Plan's assets are held separately from the Group in a trust fund. The fund is looked after by Trustees on behalf of the members. The assets are invested to meet the benefits promised by a combination of investment returns and future contributions. Under the normal course of events, actuarial valuations are undertaken every 3 years to confirm whether the assets are expected to be sufficient to provide the benefits. If there is a shortfall, a recovery plan is put in place under which the Group is required to pay additional contributions over a period of time, as agreed with the Trustees. The last triennial actuarial valuation was at 5 April 2017 which indicated the fund was in surplus. Therefore, no Group contributions or recovery plan was agreed to. The next full valuation is due as at 5 April 2020.

The accounting disclosures are based on different assumptions from the plan's funding assumptions. This is because:

- i) The funding and accounting valuations may be carried out at different dates and so are based on different market conditions;
- ii) The funding assumptions are determined by the Trustees who must include margins for prudence. The accounting assumptions are determined by the Group Directors in accordance with accounting standards, which are different from funding regulations.

The IAS19 value placed on the pension benefit obligation has been determined by rolling forward from previous results, making adjustments to reflect benefits paid out of the Plan, and for differences between the assumptions used at this year-end and the previous year-end.

Amounts recognised in Statement of Financial Position	£'000	2019	2018
Fair value of Plan assets		66,392	60,972
Liability value (present value of funded obligation)		(55,871)	(54,512)
Surplus		10,521	6,460
Unrecognised assets due to asset ceiling		(10,521)	(6,460)
<b>Net asset</b>		<b>-</b>	<b>-</b>

The main reasons for the improvement in the balance sheet position since last year are:

- the investment return achieved on the Plan's assets over the period was around 15%, which was significantly higher than the discount rate used last year,
- using updated CMI 2018 projections, which has led to a slightly lower life expectancies and so has helped to reduce the value placed on the liabilities.

The above improvements have been partly offset by the change in market conditions over the year - bond yields have decreased over the period, resulting in a lower discount rate and a higher liability value.

The surplus is not recognised in the Group balance sheet, on the basis that future "economic benefits" are not available in the form of reduced future contributions or a cash refund.

The amounts recognised in the balance sheet and the movements in the defined benefit obligation over the year are as follows:

Change in funded Defined Benefit Obligation ("DBO")	£'000	2019	2018
DBO at beginning of year		54,512	57,485
Service cost		86	93
Interest on DBO		1,430	1,347
Employee contributions		11	11
Remeasurement - actuarial (gain)/loss from financial items		4,346	(1,569)
Remeasurement - actuarial (gain)/loss from demographic items		(1,293)	(51)
Benefits paid		(3,221)	(2,804)
<b>DBO at end of year</b>		<b>55,871</b>	<b>54,512</b>

## Notes to the financial statements (continued)

### 31 Employee Benefit Obligations (continued)

Change in Plan Assets	£'000	2019	2018
Fair value at beginning of year		60,972	66,013
Employee contributions		11	11
Interest income on Plan assets		1,602	1,550
Impact of interest on asset ceiling		(172)	(203)
Remeasurement - actuarial gain/(loss)		7,259	(3,482)
Employer contributions		-	(13)
Benefits paid		(3,221)	(2,804)
Expenses paid		(59)	(100)
<b>Fair value at end of year</b>		<b>66,392</b>	<b>60,972</b>

Asset return	£'000	2019	2018
Interest income on Plan assets (expected return)		1,602	1,550
Impact of interest on asset ceiling		(172)	(203)
Remeasurement - actuarial gain/(loss)		7,259	(3,482)
<b>Actual return on Plan assets</b>		<b>8,689</b>	<b>(2,135)</b>

The following amounts were recognised in the income statement:

Income Statement	£'000	2019	2018
Current service cost		86	93
Expenses		59	100
Net interest cost		(172)	(203)
Impact of interest on the asset ceiling		172	203
<b>Total cost recognised in the income statement</b>		<b>145</b>	<b>193</b>

The following amounts were not recognised in the statement of other comprehensive income :

Remeasurement DBO - actuarial (gain)/loss from financial items	4,346	(1,569)
Remeasurement DBO - actuarial (gain)/loss from demographic items	(1,293)	(51)
Remeasurement Plan assets - actuarial (gain)/loss on assets	(7,259)	3,482
Effect of asset limitation and minimum funding requirement	4,061	(2,068)
<b>Total (gain)/loss not recognised in other comprehensive income</b>	<b>(145)</b>	<b>(206)</b>

<b>Cumulative actuarial losses recognised in OCI</b>	<b>11,664</b>	<b>11,809</b>
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#### Reconciliation of prepaid/(accrued) pension cost

Prepaid/(accrued) at beginning of year (IAS)	-	-
Net periodic pension cost	145	193
Company contributions	-	13
Impact of limit on net assets	4,061	(2,068)
Remeasurements - actuarial (gains)/losses not recognised in OCI	(4,206)	1,862
<b>Prepaid/(accrued) at end of year (IAS)</b>	<b>-</b>	<b>-</b>

#### Change in asset ceiling + additional liability IFRIC14

Asset not recognised at beginning of year	6,460	8,528
Changes in unrecognised asset due to asset ceiling	4,061	(2,068)
<b>Asset not recognised at end of year</b>	<b>10,521</b>	<b>6,460</b>

## Notes to the financial statements (continued)

### 31 Employee Benefit Obligations (continued)

Key assumptions used were:	2019	2018	2019	2018
	weighted average			
Discount rate at beginning of year	2.7%	2.4%		
Discount rate at end of year	2.0%	2.7%	2.0%	2.7%
RPI inflation			3.2%	3.3%
CPI inflation			2.2%	2.3%
Salary inflation			3.5%	3.6%
Expected return on assets	2.0%	2.7%	2.0%	2.7%
Mortality (average)			S2PXA	S2PXA
Mortality improvements			CM12018[1%]	CM12017[1%]

The average life expectancy of a pensioner is as follows:

	2019	2018
Life expectancy of 45 year old man at the age of 65 years	22.4	22.9
Life expectancy of 45 year old woman at the age of 65 years	24.5	24.9
Life expectancy of 65 year old man at the age of 65 years	21.3	21.8
Life expectancy of 65 year old woman at the age of 65 years	23.3	23.7

#### Sensitivity to assumptions

The following table shows the impact of changes to the main assumptions:

	Change to liability value (%)	Addition to liability value £'000
Reduce discount rate by 0.5% pa	6.6%	3,700
Increase inflation rate by 0.5% pa	4.8%	2,700
Decrease inflation rate by 0.5% pa	-2.1%	(1,200)
Add 1 year to life expectancies	4.5%	2,500

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### Pension Escrow Account

Following the actuarial valuation carried out in April 2002 it was clear that there was no need for the employer to pay contributions into the Plan for existing members. The Group has nonetheless paid employer contributions set aside in the Group's financial statements since the actuarial valuation in April 2002, together with money purchase contributions between 2005 and 2017, into an escrow account. The outcome of the next actuarial valuation in April 2020 will determine whether the contributions will be paid over to the Plan, returned to the Group or whether some other arrangements will be made. It is likely that the escrow account will be returned to the Plan and, therefore, it has been disclosed as an asset of the Plan. £2.7m of the escrow account is loaned to the Group on commercial terms secured on surplus property valued at £3m held by the Group. The total set aside in the escrow account, including the £2.7m loan receivable, at 31 December 2019 amounted to £3.1m (2018: £3.1m).

#### Asset class allocation

The major categories of Plan assets are as follows:

	2019	2018
Equity securities	46.0%	38.7%
Debt securities	40.5%	43.7%
Real estate	4.6%	8.0%
Other	4.7%	5.1%
Cash	4.2%	4.5%
	100%	100%

Weighted average duration of the Plan (years)	14	14
Expected contributions in the following period	-	-

As at the last actuarial valuation (5 April 2017), the present value of defined benefit obligation included £5.6m in respect of active members, £6.9m in respect of deferred members and £41.3m in respect of pensioners.

## Notes to the financial statements (continued)

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### 31 Employee Benefit Obligations (continued)

#### Risk Exposure

Through its defined benefit pension plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

##### Asset volatility

The Plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Plan hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

The Group believes that, due to the long-term nature of the Plan liabilities and the strength of the supporting Group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to achieve a buyout of liabilities, when market conditions allow.

##### Changes in bond yields

A decrease in corporate bond yields will increase Plan liabilities, although this will be partially offset by an increase in the value of the Plans' holdings.

##### Interest & Inflation risks

The Plan is exposed to interest and inflation rate risks. The Plan invests in Liability Driven Investments with a target a level of hedging of 70% of the risk to funding associated with the impact of changes in long-term interest rates and inflation expectations on the Plan's technical provisions.

##### Life expectancy

The Plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plans' liabilities.

## Notes to the financial statements (continued)

### 32 Accounting policies

Robinson plc is a company incorporated in the United Kingdom under the Companies Acts. The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2018. All standards and interpretations that have been issued and are effective at the year-end have been applied in the financial statements. The financial statements have been prepared under the historical cost convention adjusted for the revaluation of certain properties.

#### Consolidation

The Group's financial statements consolidate the financial statements of Robinson plc and all its subsidiaries. Subsidiaries are consolidated from the date on which control transfers to the Group and are included until the date on which the Group ceases to control them. Transactions and year end balances between Group companies are eliminated on consolidation. All entities have coterminous year ends. The Group obtains and exercises control through voting rights. Investments in subsidiary undertakings are accounted for in accordance with IAS 27 and IFRS 10.

#### Revenue

The Group manufactures and sells a range of plastic and paperboard packaging to its customers. Revenue is recognised when control of the products is transferred, being when the products are delivered to the customer, and there is no unfulfilled performance obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Products are sometimes sold with retrospective volume rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates. Accumulated experience is used to estimate and provide for the rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A rebate liability (included in trade and other payables) is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are considered within the range of normal industry practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Foreign currencies

Assets and liabilities of overseas subsidiaries are translated into sterling, the functional currency of the parent company, at the rate of exchange ruling at the year end. The results and cash flows of overseas subsidiaries are translated into sterling using the average rate of exchange for the year as this is considered to approximate to the actual rate. Exchange movements on the restatement of the net assets of overseas subsidiaries and the adjustment between the income statement translated at the average rate and the closing rate are taken directly to other reserves and reported in the other comprehensive income. All other exchange differences arising on monetary items are dealt with through the consolidated income statement. On disposal of a foreign subsidiary the accumulated exchange differences in relation to the operation are reclassified into the income statement.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less a provision for depreciation and impairment losses. Depreciation is calculated to write off the cost less estimated residual values of the assets in equal instalments over their expected useful lives. No depreciation is provided on freehold land or Surplus Properties. Surplus properties are stated at cost, they are not being depreciated as they are surplus and not currently in use and the value is therefore not being consumed. Depreciation is provided on other assets at the following annual rates:

Buildings	4% - 20% per annum
Plant and machinery	5% - 33% per annum

Residual values and estimated useful lives are re-assessed annually.

#### Inventories

Inventories are valued at the lower of cost, including related overheads, and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and the overheads incurred in bringing items to their present location and condition. Inventories are valued on a first in, first out, basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on the expected credit loss (ECL). The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables, which are grouped based on shared credit risk characteristics and the days past due. The amount of the provision is recognised in the balance sheet within trade receivables. Movements in the provision are recognised in the profit and loss account in administrative expenses. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

## Notes to the financial statements (continued)

### 32 Accounting policies (continued)

#### Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Borrowings include bank overdrafts, bank and other loans and lease liabilities.

#### Taxation

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxation is provided on taxable and deductible temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised or that they will reverse. Deferred tax is measured using the tax rates expected to apply when the asset is realised, or the liability settled based on tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability on the reporting date differs from its tax base except for differences arising on investments in subsidiaries where the Group can control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged directly to other comprehensive income (such as the revaluation of land or relating to transactions with owners) in which case the related deferred tax is also charged or credited directly to other comprehensive income. Current tax is the tax currently payable on taxable profit for the year.

#### Employee benefits

The retirement benefit asset and/or liabilities recognised in the statement of financial position represents the fair value of defined benefit plan assets less the present value of the defined benefit obligation, to the extent that this is recoverable by means of a contribution holiday, payment of money purchase contributions and expenses from the plan calculated on the projected unit credit method. Operating costs comprise the current service cost plus expenses. Finance income comprises the expected return on plan assets less the interest on plan liabilities. Actuarial gains or losses comprising differences between the actual and expected return on plan assets, changes in plan liabilities due to experience and changes in actuarial assumptions are recognised immediately in other comprehensive income. Pension costs for the money purchase section represent contributions payable during the year.

#### Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of identifiable assets (including intangible assets) and liabilities of the business acquired. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill recorded in foreign currencies is retranslated at each period end. Any movements in the carrying value of goodwill as a result of foreign exchange rate movements are recognised in the Consolidated Statement of Comprehensive Income.

## Notes to the financial statements (continued)

### 32 Accounting policies (continued)

#### Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the profit for the year on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets recorded in foreign currencies are retranslated at each period end. Any movements in the carrying value of intangible assets as a result of foreign exchange rate movements are recognised in the Consolidated Statement of Comprehensive Income.

#### Leased assets

##### The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period time, with the exception of short term leases and leases for which the underlying asset is of low value. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset on a straight line basis. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term on a straight line basis.

The lease liability is initially measured at the present value of the lease payments not paid at that date. Lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract. The lease liability is subsequently remeasured to reflect lease payments made.

Short term and low value leases are recognised in profit or loss on a straight-line basis over the term of the lease.

##### The Group as a lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### Land & buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their deemed cost, being the fair value at the date of transition to IFRS, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any revaluation increase arising on the revaluation of such land and buildings prior to deemed cost being adopted was credited to the properties revaluation reserve, except to the extent that it reversed a revaluation decrease for the same asset previously recognised as an expense, in which case the increase was credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings was charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is charged to income. On the subsequent sale or scrappage of a previously revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

#### Surplus properties

The Group owns several properties, that were previously used in its trading businesses, which are now surplus to its current business needs. There is an active plan to sell these properties as and when market conditions allow. For the purposes of these financial statements these properties have been included under the heading Surplus Properties.

#### Share based payments

The fair value at the date of grant of share options is calculated using the Black Scholes pricing model and charged to the income statement on a straight-line basis over the vesting period of the award. The charge to the income statement takes account of the estimated number of share options that will vest. The corresponding credit to an equity settled share-based payment is recognised in equity. If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

## Notes to the financial statements (continued)

### 32 Accounting policies (continued)

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Further details are given in the Directors report.

#### Employee benefit trusts

The Company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion. Where monies held in a trust are determined by the Company based on employees' past services to the business and the Company can obtain no future economic benefit from these monies, such monies, whether in trust or accrued for by the Company are charged to the income statement in the period to which they relate.

#### Going concern

In determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position; these are set out in the Strategic Report.

The Group meets its day to day working capital requirements through an overdraft facility which is due for renewal in February 2021. The Group will seek to renegotiate this facility in due course and management is confident that a facility will be forthcoming on acceptable terms. As a result of the market uncertainty due to the ongoing COVID-19 coronavirus pandemic, the Directors have performed a detailed stress test to confirm that the business will be able to operate for at least the following 12 months. This involves assessing the headroom against available credit facilities in a stressed scenario, the assumptions used for this test are as follows:

- Full shutdown of all production facilities for the 3 months to June 2020;
- 20% reduction in revenues due to lower demand for the subsequent 9 months to March 2021;
- Suspension of dividend payments to shareholders;
- Deferment of 2019 bonuses due to senior management;
- A moratorium on uncommitted, non-essential capital expenditure;
- Government support for employees furloughed as a result of shutdowns in both the UK and Poland; and,
- Continued availability of existing credit facilities from the Group's finance providers.

The Group has also assessed an extreme worst-case scenario of a longer shut down period. The results of both tests confirm that the Group will be able to continue to operate within its available credit facilities for at least 12 months from the date of this report. This is managements best estimate as of the date of this report which may be subject to change as the pandemic situation evolves.

As at the date of this report, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The Directors consider the following to be the critical judgements and key sources of estimation uncertainty made in preparing these financial statements that, if not borne out in practice, may affect the Group's results during the next financial year.

#### Critical judgements

##### 1) Classification of surplus properties

The Group owns several properties, that were previously used in its trading businesses, which are now surplus to its current business needs. Management are required to determine which properties were surplus during the year and at the reporting date. There were no changes in classification of properties during the current or prior year.

#### Key sources of estimation uncertainty

##### 1) Pensions and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, mortality rates and future pension increases. Due to the long-term nature of these plans such estimates are subject to significant uncertainty. The irrecoverable surplus is based on estimates of the recoverable surplus. These are based on expectations in line with the underlying assumptions in the valuation and current circumstances. Further details can be found in note 31.

##### 2) Impairment of goodwill, other intangible assets and property, plant and equipment

The Group tests goodwill, intangible assets and property, plant and equipment annually for impairment, or more frequently if there are indications that an impairment may be required. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details on this process are set out in note 11.

## Notes to the financial statements (continued)

### 32 Accounting policies (continued)

#### 3) Sales volume rebates

Some products are sold with retrospective volume rebates based on aggregate sales over a 12 month period. Accumulated experience is used to estimate and provide for the rebates, using the expected value method. Where the sales volume exceeds the agreed thresholds and meets other contractual terms, a rebate liability (included in trade and other payables) is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period.

#### Amendments to IFRSs that are mandatorily effective for the current year

The adoption of the following standards, amendments and interpretations in the current year have not had a material impact on the Group's/Company's financial statements.

	EU effective date – periods beginning on or after
IAS 19 <i>Employee Benefits</i> : Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i> : Long-term interests in Associates and Joint Ventures	1 January 2019
Amendments to IFRS 9 <i>Financial Instruments</i> : Prepayment features with negative compensation	1 January 2019
IFRS 16 <i>Leases</i>	1 January 2019
Improvements to IFRSs 2015 - 2017	1 January 2019
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The adoption of the following standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements.

	EU effective date – periods beginning on or after
Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> : Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Material	1 January 2020
Conceptual Framework (Revised) and amendments to related references in IFRS Standards	1 January 2020

#### Comment on standards effective from 1 January 2019

##### IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The Directors have assessed that the adoption of IFRS 16 did not result in any material adjustments to the amounts recognised in the financial statements at 31 December 2018. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 1.3%.

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019:

<b>Total operating lease commitments disclosed at 31 December 2018</b>	-
Finance lease obligations	1,325
<b>Total lease liabilities disclosed at 1 January 2019</b>	<b>1,325</b>

#### Comment on standards effective from 1 January 2020

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Independent Auditor's report to the members of Robinson plc

### Opinion

We have audited the financial statements of Robinson Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise group income statement, the group statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in equity, the group and company cash flow statement 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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, as applied to listed entities 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.

### The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 8.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. However the terms of the future trade and other relationships with the European Union are not yet clear, and it is therefore not currently possible to evaluate all the potential implications to the group and parent company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the group and parent company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the group and parent company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the group and parent company and this is particularly the case in relation to Brexit.

### 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 group's or the parent 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's report to the members of Robinson plc (continued)

### Revenue recognition

The group's accounting policy in respect of revenue recognition is set out in the accounting policy notes on page 46. Revenue is a material balance for Robinson Plc and represents the largest balance in the group income statement. An error in this balance could significantly affect users' interpretation of the financial statements. As a result, there is a risk of fraud or error in revenue recognition due to the potential to inappropriately record revenue in the wrong period. We therefore consider cut-off to be a key audit matter.

### Our response

Our procedures over revenue recognition included, but were not limited to:

- Obtaining an understanding of the processes and controls over the recognition of revenue and performing walkthrough tests to validate that controls were operating as designed; and
- Testing a sample of revenue transactions around the year end to ensure they were accounted for in the correct period.

### Our observations

Our work performed in relation to controls over the recognition of revenue confirmed that the controls in place were operating as designed.

Based on our work performed on transactions around the year end, revenue was appropriately recognised in the correct period.

### Impact of the outbreak of COVID-19 on the financial statements

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. During the latter stages of finalising the financial statements, the potential impact of COVID-19 became significant and is causing widespread disruption to normal patterns of business activity across the world, including the U.K. and Poland.

The directors' consideration of the impact on the financial statements are disclosed in strategic report on page 8 and going concern assessment on page 49. Whilst the situation is still emerging, based on their best estimate at this point in time, the directors have concluded that, adopting the going concern basis of preparation is appropriate. They have also concluded that COVID-19 is a non-adjusting post balance sheet event.

### Our response

We assessed the directors' conclusion that the matter be treated as a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate. We considered:

- The timing of the development of the outbreak across the world and in the U.K. and Poland; and
- How the financial statements and business operations of the group might be impacted by the disruption.

In forming our conclusions over going concern, we evaluated how management's going concern assessment considered the impacts arising from COVID-19 as follows:

- We reviewed management's revised going concern assessment including COVID-19 implications based on a 'most likely' (base case) scenario and 'reverse stress check scenario' (worst case) as approved by the board of directors. We made enquiries of management to understand the completeness of criteria taken into account and implication of those when assessing 'most likely' scenario and 'worst case scenario' on the group's forecast financial performance;
- We evaluated the key assumptions in the base case forecast and the worst case forecast and considered whether these appeared reasonable;
- We examined the minimum committed facility headroom under the base case monthly cash flow forecasts, as well as worst case forecast as disclosed in the financial statements and evaluated whether the directors' conclusion that liquidity headroom remained in all events was reasonable; and
- We evaluated the adequacy and appropriateness of the directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks & uncertainties, post balance sheet events and going concern.

### Our observations

Based on the work performed, we are satisfied that the matter has been appropriately reflected in the financial statements based on current available information.

## Independent Auditor's report to the members of Robinson plc (continued)

Our conclusions on going concern is set out under 'conclusions relating to going concern' above.

### Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£614,000
How we determined it	The overall materiality level has been determined with reference to a benchmark of group revenue.
Rationale for benchmark applied	In our view, revenue is the most relevant measure of the underlying performance of the group and therefore, has been selected as the materiality benchmark. The percentage applied to this benchmark is 1.75%.
Performance materiality	£491,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £18,400 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified during the course of assessing the overall presentation of the financial statements. Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at component level. In the current period, the performance materiality allocated to the components and/or subsidiaries of the group ranged between £4,000 and £259,000. The parent company financial statement materiality has been set at 4% of Net Assets, namely £481,000. The parent company performance materiality has been set at £384,000. The reporting threshold has been set at 3% of our financial statement materiality, namely £14,400.

### An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the group and company, the structure of the group and the parent company and the industry in which it operates. We considered the risk of acts by the company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our group audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the parent company and group's, accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key audit matters relating to irregularities.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

## Independent Auditor's report to the members of Robinson plc (continued)

Our group audit scope included an audit of the group and parent financial statements of Robinson Plc. Based on our risk assessment, the following entities within the group were subject to full scope audit and was performed by the group audit team:

Robinson Plc  
Robinson Plastic Packaging Limited  
Robinson Paperbox Packaging Limited  
Portland Works Limited

Robinson (Overseas) Limited  
Walton Mill (Chesterfield) Limited  
Robinson Packaging Polska sp z. o. o

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### 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 light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 22, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's report to the members of Robinson plc (continued)

### 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 13 July 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ending 31 December 2017 to 31 December 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### Use of the audit 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.

Louis Burns (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham B3 2RT  
Date: 31 March 2020