

**Lil Packaging Ltd**  
**Financial Statements**  
**For the year ended**  
**31 March 2019**



# **Lil Packaging Ltd**

## **Financial Statements**

**Year ended 31 March 2019**

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# **Lil Packaging Ltd**

## **Officers and Professional Advisers**

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### **THE BOARD OF DIRECTORS**

R S Lill  
J Lill  
B R Lill  
F J Lill

### **COMPANY SECRETARY**

J Lill

### **REGISTERED OFFICE**

9 Glebe Road  
Huntingdon  
Cambridgeshire  
PE29 7DB

### **AUDITOR**

Streets Audit LLP  
Chartered accountants & statutory auditor  
3 Wellbrook Court  
Girton  
Cambridge  
CB3 0NA

# Lil Packaging Ltd

## Strategic Report

Year ended 31 March 2019

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We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity during the year continued to be that of printed packaging manufacturer to the ecommerce sector.

The financial results for the year ended 31 March 2019 have shown an increase in turnover but a decrease in profit margins; however the company has overseen a loss during the year.

Turnover has increased by 24.6% through continued expansion of our customer base within the ecommerce sector combined with continued investment in new products. The gross profit margin has decreased from 26.0% in the prior year to 20.6%, which is in line with our expectations.

The key performance indicators of the business tend to be those that reflect the financial performance as a whole, as outlined below:

	2019 £'000	2018 £'000
Turnover	10,573	8,487
Gross profit	2,177	2,203
Operating (loss)/profit before interest and tax	(106)	183
Net (loss)/profit before tax	(201)	111
Net assets	3,032	3,278

The board believe that given the straightforward nature of the business no further KPI analysis is required to understand the development, performance and position of the company.

The company has made a significant investment in new equipment in order to increase its capacity and reduce costs in recent years. As such the company is well placed to continue to provide both new and existing customers with an efficient, premium level of service.

The directors are mindful of the challenges being faced as a result of the current economic climate such that in addition to the core business, the company will continue to explore market opportunities outside the UK as a strong global demand for corrugated packaging remains.

# Lil Packaging Ltd

## Strategic Report *(continued)*

Year ended 31 March 2019

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### RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Business Risk

The company operates within the printing and packaging industry, which means its activities are exposed to the economic climate across a variety of business sectors to which sales of goods and work done on manufactured goods are provided. Whilst this is a risk, the directors recognise it also provides an element of business protection where downturns are sector specific.

The nature of the work carried out by the business gives rise to a large proportion of fixed cost expenditure, therefore maintaining activity is of prime importance.

#### Interest Rate Risk

The business considers the level of risk exposure on all debt transactions and takes necessary steps to reduce risk to an acceptable level. For significant obligations the company seeks to arrange fixed rate finance where possible in order to mitigate interest rate risk.

#### Exchange Rate Risk

The company's trading activities require certain products to be purchased and sold in foreign currency as opposed to Sterling, giving rise to exchange rate risk. The company operates a foreign currency bank account to give short term control over exchange rate risk. The company also considers the use of forward contracts and forward options to reduce risk to an acceptable level.

#### Credit Risk and Liquidity Risk

The company has policies in place to ensure transactions are entered into only with parties that are of acceptable credit quality. The company ensures that there are adequate funds available through credit facilities to meet the operational requirements of the business.

### STRATEGY

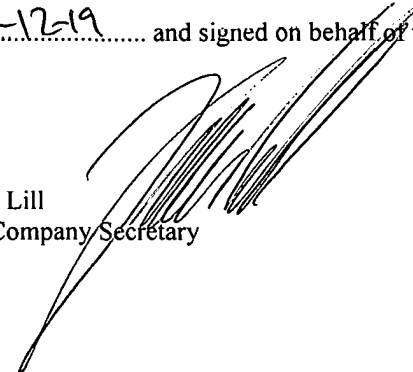
Supplying to the eCommerce industry we experience a highly seasonal demand, so are increasing stock levels in the low seasons to smooth out the demand in manufacturing. As a result of the capital investment and expansion of the brand we are highly confident of an increase in both turnover and profit for the next financial year. We will continue to closely monitor our customers financial situation with the aim to minimise bad debts.

### FUTURE DEVELOPMENTS

We continue to strive to eliminate plastics from the eCommerce supply chain, with the goal to have all of our products plastic free by 31st March 2020. The investment in new equipment and training during the year will ensure that our manufacturing processes remain efficient. We anticipate high demand for ecommerce packaging due to the continued increase in size of the ecommerce market and improvements in global economic conditions.

This report was approved by the board of directors on 17-12-19 and signed on behalf of the board by:

  
B R Lill  
Director

  
J Lill  
Company Secretary

# **Lil Packaging Ltd**

## **Directors' Report**

**Year ended 31 March 2019**

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The directors present their report and the financial statements of the company for the year ended 31 March 2019.

### **Directors**

The directors who served the company during the year were as follows:

R S Lill  
J Lill  
B R Lill  
F J Lill

### **Dividends**

Particulars of recommended dividends are detailed in note 10 to the financial statements.

### **Disclosure of information in the strategic report**

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

# Lil Packaging Ltd

## Directors' Report *(continued)*

Year ended 31 March 2019

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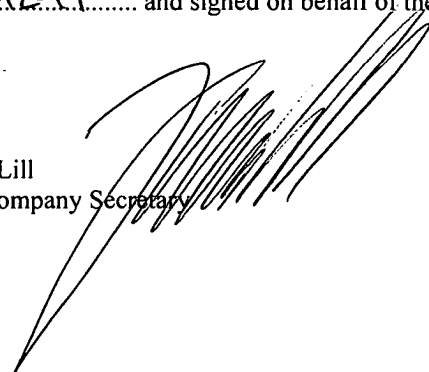
### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 17-12-19 and signed on behalf of the board by:

  
B R Lill  
Director

  
J Lill  
Company Secretary

# **Lil Packaging Ltd**

## **Independent Auditor's Report to the Members of Lil Packaging Ltd**

**Year ended 31 March 2019**

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### **Opinion**

We have audited the financial statements of Lil Packaging Ltd (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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



# **Lil Packaging Ltd**

## **Independent Auditor's Report to the Members of Lil Packaging Ltd (continued)**

**Year ended 31 March 2019**

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

# Lil Packaging Ltd

## Independent Auditor's Report to the Members of Lil Packaging Ltd *(continued)*

Year ended 31 March 2019

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*A R Blake*

Alan Blake (Senior Statutory Auditor)

For and on behalf of  
Streets Audit LLP  
Chartered accountants & statutory auditor  
3 Wellbrook Court  
Girton  
Cambridge  
CB3 0NA

# Lil Packaging Ltd

## Statement of Income and Retained Earnings

Year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	10,572,698	8,487,075
Cost of sales		8,395,366	6,284,122
Gross profit		2,177,332	2,202,953
Administrative expenses		2,283,521	2,020,172
Operating (loss)/profit	5	(106,189)	182,781
Interest payable and similar expenses	8	94,334	71,337
(Loss)/profit before taxation		(200,523)	111,444
Tax on (loss)/profit	9	(36,893)	7,282
(Loss)/profit for the financial year and total comprehensive income		(163,630)	104,162
Dividends paid and payable	10	(82,602)	(82,601)
Retained earnings at the start of the year		2,974,978	2,953,417
Retained earnings at the end of the year		2,728,746	2,974,978

All the activities of the company are from continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

# Lil Packaging Ltd

## Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	5,029,257	5,079,703
Investments	12	1	1
		<u>5,029,258</u>	<u>5,079,704</u>
<b>Current assets</b>			
Stocks	13	647,909	624,308
Debtors	14	2,344,458	1,711,083
Cash at bank and in hand		32,310	66,758
		<u>3,024,677</u>	<u>2,402,149</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>3,756,584</u>	<u>2,580,377</u>
<b>Net current liabilities</b>		<u>731,907</u>	<u>178,228</u>
<b>Total assets less current liabilities</b>		<u>4,297,351</u>	<u>4,901,476</u>
<b>Creditors: amounts falling due after more than one year</b>	17	941,477	1,262,477
<b>Provisions</b>			
Taxation including deferred tax	19	324,349	361,242
<b>Net assets</b>		<u>3,031,525</u>	<u>3,277,757</u>
<b>Capital and reserves</b>			
Called up share capital	23	9,000	9,000
Revaluation reserve	24	286,079	286,079
Capital redemption reserve	24	7,700	7,700
Profit and loss account	24	2,728,746	2,974,978
<b>Shareholders funds</b>		<u>3,031,525</u>	<u>3,277,757</u>

These financial statements were approved by the board of directors and authorised for issue on 17-12-19, and are signed on behalf of the board by:

B R Lill  
Director



Company registration number: 01895837

The notes on pages 12 to 23 form part of these financial statements.

# Lil Packaging Ltd

## Statement of Cash Flows

Year ended 31 March 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the financial year		(163,630)	104,162
<i>Adjustments for:</i>			
Depreciation of tangible assets		281,479	323,695
Interest payable and similar expenses		94,334	71,337
Gains on disposal of tangible assets		–	(6,527)
Tax on (loss)/profit		(36,893)	7,282
<i>Changes in:</i>			
Stocks		(23,601)	(271,043)
Trade and other debtors		(647,619)	147,322
Trade and other creditors		594,647	171,087
Cash generated from operations		98,717	547,315
Interest paid		(94,334)	(71,337)
Tax received/(paid)		14,244	(37,724)
Net cash from operating activities		18,627	438,254
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(128,621)	(245,364)
Proceeds from sale of tangible assets		–	105,784
Net cash used in investing activities		(128,621)	(139,580)
<b>Cash flows from financing activities</b>			
(Repayment of) / proceeds from borrowings		453,192	(19,903)
Payment of finance lease liabilities		(300,937)	(304,324)
Dividends paid		(82,602)	(82,601)
Net cash from/(used in) financing activities		69,653	(406,828)
<b>Net decrease in cash and cash equivalents</b>		(40,341)	(108,154)
<b>Cash and cash equivalents at beginning of year</b>		66,758	174,912
<b>Cash and cash equivalents at end of year</b>	15	26,417	66,758

The notes on pages 12 to 23 form part of these financial statements.

# Lil Packaging Ltd

## Notes to the Financial Statements

Year ended 31 March 2019

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### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 9 Glebe Road, Huntingdon, Cambridgeshire, PE29 7DB.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of freehold buildings prior to the transition to FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Consolidation

The company has taken the exemption available under section 402 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that the subsidiary undertaking can be excluded from the consolidation due to it being dormant and immaterial for the purpose of the financial statements giving a true and fair view.

These financial statements therefore include information about the company as an individual entity only.

#### Judgements and key sources of estimation uncertainty

The directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

Tangible assets are recognised at cost, less accumulated depreciation and any impairment. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The recoverability of trade debtors and associated provisioning is considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of its customers.

#### Revenue recognition

The turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and work done on manufactured goods, stated net of discounts and of Value Added Tax.

In respect of long-term contracts, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts is recognised by reference to the stage of completion.

# Lil Packaging Ltd

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

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### 3. Accounting policies *(continued)*

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, tax is recognised directly in equity.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position. Where realisation is anticipated to be covered by forward exchange contracts or forward options assets and liabilities in foreign currencies are translated at the contracted rate of exchange. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. As at the date of transition to FRS 102, the company elected to use a previous valuation of property as the deemed cost.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line for buildings only
Plant & Machinery	-	4%-33% straight line
Fixtures & Fittings	-	4%-33% straight line

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. The Directors have undertaken a review at 31 March 2019 and the impact of the changes amount to a reduction of the depreciation charge by £19,082 changing the current year to £281,479.

# **Lil Packaging Ltd**

## **Notes to the Financial Statements (continued)**

**Year ended 31 March 2019**

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### **3. Accounting policies (continued)**

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost of raw materials is based upon purchase price. Cost of finished goods is calculated by discounting the sales value of products held.

#### **Work in progress**

Non contractual work in progress is valued on the basis of direct costs plus attributable overheads based on normal level activity. Cost is calculated based upon discounted sales value. Provision is made for foreseeable losses where appropriate. No element of profit is included within the valuation of non-contractual work in progress.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measure at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.



# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 3. Accounting policies (continued)

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

### 4. Turnover

Turnover arises from:

	2019 £	2018 £
Sale of goods and work done on manufactured goods	<u>10,572,698</u>	<u>8,487,075</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019 £	2018 £
United Kingdom	9,912,817	7,935,369
Overseas sales	659,881	551,706
	<u>10,572,698</u>	<u>8,487,075</u>

### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Depreciation of tangible assets	281,479	323,695
Gains on disposal of tangible assets	–	(6,527)
Impairment of trade debtors	66,139	(380)
Foreign exchange differences	43,187	78,955
Fees payable for the audit of the financial statements	<u>8,400</u>	<u>8,000</u>

### 6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Production staff	51	45
Administrative staff	16	16
Management staff	12	12
	<u>79</u>	<u>73</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 6. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	2,619,102	2,179,375
Social security costs	231,031	195,893
Other pension costs	35,485	10,571
	<u>2,885,618</u>	<u>2,385,839</u>

### 7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	272,403	197,550
Company contributions to defined contribution pension plans	6,048	2,934
	<u>278,451</u>	<u>200,484</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	122,658	—
Company contributions to defined contribution pension plans	3,024	—
	<u>125,682</u>	<u>—</u>

### 8. Interest payable and similar expenses

	2019	2018
	£	£
Interest on obligations under finance leases and hire purchase contracts	50,053	35,770
Other interest payable and similar charges	44,281	35,567
	<u>94,334</u>	<u>71,337</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 9. Tax on (loss)/profit

#### Major components of tax (income)/expense

	2019 £	2018 £
<b>Current tax:</b>		
UK current tax income	–	(21,908)
Adjustments in respect of prior periods	–	1,902
Total current tax	<u>–</u>	<u>(20,006)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(36,523)	44,289
Impact of change in tax rate	–	(16,682)
Under/(Over)provision in respect of the prior year	(370)	(319)
Total deferred tax	<u>(36,893)</u>	<u>27,288</u>
<b>Tax on (loss)/profit</b>	<u>(36,893)</u>	<u>7,282</u>

#### Reconciliation of tax (income)/expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
(Loss)/profit on ordinary activities before taxation	<u>(200,523)</u>	<u>111,444</u>
(Loss)/profit on ordinary activities by rate of tax	(38,099)	21,174
Effect of expenses not deductible for tax purposes	1,576	1,207
Impact of change in rate	–	(16,682)
Under/(Over)provision in respect of the prior year	(370)	1,583
Tax on (loss)/profit	<u>(36,893)</u>	<u>7,282</u>

### 10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019 £	2018 £
Equity dividends on ordinary shares	<u>82,602</u>	<u>82,602</u>

Dividends proposed after the year end and not recognised as a liability:

	2019 £	2018 £
Equity dividends on ordinary shares	<u>82,603</u>	<u>41,301</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 11. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2018	1,580,000	6,892,298	529,982	9,002,280
Additions	—	221,534	9,499	231,033
<b>At 31 March 2019</b>	<u>1,580,000</u>	<u>7,113,832</u>	<u>539,481</u>	<u>9,233,313</u>
<b>Depreciation</b>				
At 1 April 2018	20,016	3,487,328	415,233	3,922,577
Charge for the year	5,004	231,384	45,091	281,479
<b>At 31 March 2019</b>	<u>25,020</u>	<u>3,718,712</u>	<u>460,324</u>	<u>4,204,056</u>
<b>Carrying amount</b>				
<b>At 31 March 2019</b>	<u>1,554,980</u>	<u>3,395,120</u>	<u>79,157</u>	<u>5,029,257</u>
At 31 March 2018	<u>1,559,984</u>	<u>3,404,970</u>	<u>114,749</u>	<u>5,079,703</u>

On 1 April 2014, the directors revalued the freehold land included within freehold property above as part of the transition to FRS102 to be £780,477 (2018 - £780,477). The historical cost of the land was £524,000 (2018 - £524,000). Land is not depreciated.

#### Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
<b>At 31 March 2019</b>	
Aggregate cost	1,323,523
Aggregate depreciation	(54,622)
<b>Carrying value</b>	<u>1,268,901</u>
<b>At 31 March 2018</b>	
Aggregate cost	1,323,523
Aggregate depreciation	(49,618)
<b>Carrying value</b>	<u>1,273,905</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 11. Tangible assets (continued)

#### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 March 2019	<u>1,706,783</u>
At 31 March 2018	<u>1,912,087</u>

### 12. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	<u>1</u>
<b>Impairment</b>	
At 1 April 2018 and 31 March 2019	<u>—</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>1</u>
At 31 March 2018	<u>1</u>

#### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Mainline Flatpacks Limited	Ordinary	100

During the year Mainline Flatpacks Limited remained dormant.

### 13. Stocks

	2019 £	2018 £
Raw materials and consumables	239,584	277,436
Work in progress	56,502	38,529
Finished goods and goods for resale	<u>351,823</u>	<u>308,343</u>
	<u>647,909</u>	<u>624,308</u>

The amount of stock recognised as an expense during the year amounted to £5,075,383 (2018: £3,511,856).

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 14. Debtors

	2019	2018
	£	£
Trade debtors	2,169,451	1,520,380
Prepayments and accrued income	122,913	116,144
Corporation tax repayable	7,664	21,908
Other debtors	44,430	52,651
	<u>2,344,458</u>	<u>1,711,083</u>

Trade debtors includes amounts recoverable on contract of £590,720 (2018 - £392,838).

### 15. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019	2018
	£	£
Cash at bank and in hand	32,310	66,758
Bank overdrafts	(5,893)	—
	<u>26,417</u>	<u>66,758</u>

### 16. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	1,418,039	879,308
Trade creditors	1,512,033	1,083,541
Amounts owed to group undertakings	1	1
Accruals and deferred income	65,315	45,248
Social security and other taxes	315,381	173,072
Obligations under finance leases and hire purchase contracts	413,074	370,245
Other creditors	32,741	28,962
	<u>3,756,584</u>	<u>2,580,377</u>

Bank loans and overdrafts are secured by a charge over certain trade debtors, a fixed and floating debenture over the company's assets and a legal charge over the freehold property owned by Lil Packaging Ltd. In addition to the security provided by the company R S Lill and J Lill have provided a personal guarantee amounting to £50,000 (2018 - £50,000) in total.

Bank loans include a treasury loan repayable by monthly instalments of £7,066. The monthly repayment is inclusive of interest charged at 1.4% over base rate.

Amounts due under finance leases and hire purchase contracts are secured on the related assets.

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 17. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans and overdrafts	215,665	295,311
Obligations under finance leases and hire purchase contracts	725,812	967,166
	<u>941,477</u>	<u>1,262,477</u>

See note 16 above for details of security.

### 18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019	2018
	£	£
Not later than 1 year	413,074	370,245
Later than 1 year and not later than 5 years	725,812	967,166
	<u>1,138,886</u>	<u>1,337,411</u>

Finance leases and hire purchase creditors are secured on the assets to which they relate.

### 19. Provisions

	Deferred tax (note 20) £
At 1 April 2018	361,242
Movement in provision	(36,893)
At 31 March 2019	<u>324,349</u>

### 20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in provisions (note 19)	<u>324,349</u>	<u>361,242</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	401,860	361,242
Unused tax losses	(76,718)	—
Other timing differences	(793)	—
	<u>324,349</u>	<u>361,242</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2019

### 21. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £35,485 (2018: £10,571).

### 22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,201,761</u>	<u>1,587,138</u>
<b>Financial assets that are equity instruments measured at cost less impairment</b>		
Financial assets that are equity instruments measured at cost less impairment	<u>1</u>	<u>1</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>4,284,623</u>	<u>3,595,572</u>

### 23. Called up share capital

#### Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary Class A shares of £1 each	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>

### 24. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Revaluation reserve - This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset. This reserve is not distributable.

### 25. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2019 £	2018 £
Tangible assets	<u>54,250</u>	<u>53,040</u>



# Lil Packaging Ltd

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

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### 26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	166,460	197,990
Later than 1 year and not later than 5 years	334,007	507,475
	<u>500,467</u>	<u>705,465</u>

In addition to the operating lease commitments noted above, the company has entered into a commitment to purchase board from a supplier during the year ending 31 March 2020 amounting to £293,667 (2018 - £61,273).

### 27. Directors' advances, credits and guarantees

There has been no advances, credits and guarantees during the current or prior year.

### 28. Related party transactions

During both the current and prior years the company was under the joint control of R S Lill and J Lill, who are husband and wife, holding a combined 70% of the ordinary share capital of the company. R S Lill and J Lill are also directors of the company.

A warehouse jointly owned by R S Lill and J Lill is rented to Lil Packaging Limited. The rent during the year was £114,320 (2018 - £102,000). At the balance sheet date the company owed R S Lill and J Lill £20,080 (2018 - £17,000) which is included within trade creditors.