

COMPANY REGISTRATION NUMBER: 01895837

**Lil Packaging Ltd**  
**Financial Statements**  
**For the year ended**  
**31 March 2022**



# **Lil Packaging Ltd**

## **Financial Statements**

**Year ended 31 March 2022**

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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

### **REGISTERED OFFICE**

13 Windover Road  
Huntingdon  
Cambridgeshire  
PE29 7EB

### **AUDITOR**

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

# Lil Packaging Ltd

## Strategic Report

Year ended 31 March 2022

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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 2022 have shown an increase in turnover but a reduction in profit margins; the company has returned a profit during the year of £560k (2021: £1.36m)

Turnover has increased by 6.37% through continued expansion of our customer base within the ecommerce sector combined with continued investment in new products. The gross profit margin has reduced from 24.8% in the prior year to 20.4% and reflects the rise in the cost of raw materials. We have also been impacted by the rise in energy costs.

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

	2022 £'000	2021 £'000
Turnover	19,005	17,867
Gross profit	3,870	4,422
Operating profit before interest and tax	794	1,425
Net profit before tax	560	1,359
Net assets	4,979	4,287

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.

As reported last year, the company has purchased a factory on Windover Road and following refurbishment relocated the operation during August 2022. The total investment into the facility was £4.7m for the year ending the 31 March 2022. This included replacing the asbestos roof with a new insulated roof. Combined with other measures this will eliminate the scopes 1-2 CO2 emissions as part of the companies commitment to be net zero by 2040. In the FY2022/2023 the company expects to be certified as a zero carbon operation.

The lease on one of our buildings expires in October 2022 and the current freehold on Glebe Road is being advertised for sale. During the year surplus land at the new Windover Road site was sold and the proceeds used to fund part of the refurbishment costs. The proceeds from the sale of the freehold property will be used to repay bank debt.

The new factory layout will allow for growth, enable production to be streamlined and become more efficient. During the next financial year 2022/2023 there will be further refurbishment costs, combined with the costs and disruptions to production of moving manufacturing from one building to another.

The directors are monitoring the significant rise in input costs, in particular the cost of board and energy. Every effort is being made to improve efficiencies in all areas of the business but it is inevitable that some increase in costs will be passed to our customers and our margins will be under pressure next year.

# **Lil Packaging Ltd**

**Strategic Report** *(continued)*

**Year ended 31 March 2022**

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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 the ecommerce industry means we experience seasonal demand and as such we increase our 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**

The directors are forever mindful of the impact that we have made on the environment so have signed the Climate Pledge to be Net Zero carbon by 2040. The investments being made into our new site are all based on the company being Net Zero much sooner than this.

This report was approved by the board of directors on 31/3/2023 and signed on behalf of the board by:

B R Lill  
Director



L J Ricketts  
Director



# **Lil Packaging Ltd**

## **Directors' Report**

**Year ended 31 March 2022**

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The directors present their report and the financial statements of the company for the year ended 31 March 2022.

### **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 11 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 2022

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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 8/3/2023 and signed on behalf of the board by:

B R Lill  
Director



L J Ricketts  
Director



# **Lil Packaging Ltd**

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

**Year ended 31 March 2022**

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### **Opinion**

We have audited the financial statements of Lil Packaging Ltd (the 'company') for the year ended 31 March 2022 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 2022 and of its profit 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



# **Lil Packaging Ltd**

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

**Year ended 31 March 2022**

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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**

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, 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
- 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.

# **Lil Packaging Ltd**

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

**Year ended 31 March 2022**

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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## **Lil Packaging Ltd**

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

**Year ended 31 March 2022**

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

## Lil Packaging Ltd

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

Year ended 31 March 2022

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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

*9 March 2023*

# Lil Packaging Ltd

## Statement of Income and Retained Earnings

Year ended 31 March 2022

	Note	2022 £	2021 £
<b>Turnover</b>	<b>4</b>	<b>19,004,985</b>	17,867,182
Cost of sales		<u>15,134,558</u>	<u>13,445,234</u>
<b>Gross profit</b>		<b>3,870,427</b>	4,421,948
Administrative expenses		3,121,373	3,035,896
Other operating income		<u>45,433</u>	<u>39,213</u>
<b>Operating profit</b>	<b>5</b>	<b>794,487</b>	1,425,265
Other interest receivable and similar income	<b>8</b>	—	422
Interest payable and similar expenses	<b>9</b>	<u>234,885</u>	<u>66,924</u>
<b>Profit before taxation</b>		<b>559,602</b>	1,358,763
Tax on profit	<b>10</b>	<u>(137,997)</u>	<u>251,285</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>697,599</u></b>	<b><u>1,107,478</u></b>
Dividends paid and payable	<b>11</b>	(5,714)	(61,951)
<b>Retained earnings at the start of the year</b>		<b>3,983,972</b>	2,938,445
<b>Retained earnings at the end of the year</b>		<b><u>4,675,857</u></b>	<b><u>3,983,972</u></b>

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

# Lil Packaging Ltd

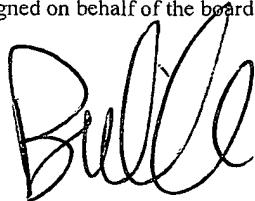
## Statement of Financial Position

31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	11,609,031	5,902,861
Investments	13	1	1
		<u>11,609,032</u>	<u>5,902,862</u>
<b>Current assets</b>			
Stocks	14	726,316	931,520
Debtors	15	4,513,651	4,096,067
Cash at bank and in hand		549,869	177,973
		<u>5,789,836</u>	<u>5,205,560</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>7,019,359</u>	<u>5,232,751</u>
<b>Net current liabilities</b>		<u>1,229,523</u>	<u>27,191</u>
<b>Total assets less current liabilities</b>		<u>10,379,509</u>	<u>5,875,671</u>
<b>Creditors: amounts falling due after more than one year</b>	17	4,892,206	1,058,581
<b>Provisions</b>			
Taxation including deferred tax	19	508,667	530,339
<b>Net assets</b>		<u>4,978,636</u>	<u>4,286,751</u>
<b>Capital and reserves</b>			
Called up share capital	22	9,000	9,000
Revaluation reserve	23	286,079	286,079
Capital redemption reserve	23	7,700	7,700
Profit and loss account	23	4,675,857	3,983,972
<b>Shareholders funds</b>		<u>4,978,636</u>	<u>4,286,751</u>

These financial statements were approved by the board of directors and authorised for issue on 8/3/2023 and are signed on behalf of the board by:

B R Lill  
Director



L J Ricketts  
Director



Company registration number: 01895837

The notes on pages 14 to 25 form part of these financial statements.

# Lil Packaging Ltd

## Statement of Cash Flows

Year ended 31 March 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	697,599	1,107,478
<i>Adjustments for:</i>		
Depreciation of tangible assets	811,518	552,843
Other interest receivable and similar income	–	(422)
Interest payable and similar expenses	234,885	66,924
(Gains)/loss on disposal of tangible assets	(12,096)	60,278
Tax on profit	(137,997)	251,285
<i>Changes in:</i>		
Stocks	205,204	(283,076)
Trade and other debtors	(301,254)	(502,188)
Trade and other creditors	(167,488)	974,751
Cash generated from operations	1,330,371	2,227,873
Interest paid	(234,885)	(66,924)
Interest received	–	422
Tax (paid)/received	(132,777)	22,923
Net cash from operating activities	962,709	2,184,294
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(5,295,443)	(924,966)
Proceeds from sale of tangible assets	705,847	73,333
Net cash used in investing activities	(4,589,596)	(851,633)
<b>Cash flows from financing activities</b>		
(Repayment of) / proceeds from borrowings	1,578,630	(865,535)
New loan advances	3,350,000	150,000
Payment of finance lease liabilities	(924,133)	(429,025)
Dividends paid	(5,714)	(61,951)
Net cash from/(used in) financing activities	3,998,783	(1,206,511)
<b>Net increase in cash and cash equivalents</b>	371,896	126,150
<b>Cash and cash equivalents at beginning of year</b>	177,973	51,823
<b>Cash and cash equivalents at end of year</b>	549,869	177,973

The notes on pages 14 to 25 form part of these financial statements.

# **Lil Packaging Ltd**

## **Notes to the Financial Statements**

**Year ended 31 March 2022**

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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 13 Windover Road, Huntingdon, Cambridgeshire, PE29 7EB.

### **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 2022

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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.

# **Lil Packaging Ltd**

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

**Year ended 31 March 2022**

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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 2022

### 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:

	2022	2021
	£	£
Sale of goods and work done on manufactured goods	<u>19,004,985</u>	<u>17,867,182</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:

	2022	2021
	£	£
United Kingdom	18,149,215	16,743,718
Overseas sales	<u>855,770</u>	<u>1,123,464</u>
	<u>19,004,985</u>	<u>17,867,182</u>

### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	811,518	552,843
(Gains)/loss on disposal of tangible assets	(12,096)	60,278
Impairment of trade debtors	1,837	721
Foreign exchange differences	—	(84,219)
Fees payable for the audit of the financial statements	<u>11,500</u>	<u>9,250</u>

### 6. Staff costs

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

	2022	2021
	No.	No.
Production staff	76	71
Administrative staff	25	21
Management staff	<u>13</u>	<u>16</u>
	<u>114</u>	<u>108</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2022

### 6. Staff costs (continued)

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

	2022	2021
	£	£
Wages and salaries	3,829,787	4,023,864
Social security costs	393,800	329,487
Other pension costs	77,619	70,796
	<u>4,301,206</u>	<u>4,424,147</u>

### 7. Directors' remuneration

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

	2022	2021
	£	£
Remuneration	371,307	292,896
Company contributions to defined contribution pension plans	8,535	6,565
	<u>379,842</u>	<u>299,461</u>

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

	2022	2021
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

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

	2022	2021
	£	£
Aggregate remuneration	144,190	129,289
Company contributions to defined contribution pension plans	4,266	3,282
	<u>148,456</u>	<u>132,571</u>

### 8. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>—</u>	<u>422</u>

### 9. Interest payable and similar expenses

	2022	2021
	£	£
Interest on obligations under finance leases and hire purchase contracts	97,661	32,024
Other interest payable and similar charges	137,224	34,900
	<u>234,885</u>	<u>66,924</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2022

### 10. Tax on profit

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

	2022 £	2021 £
<b>Current tax:</b>		
UK current tax expense	–	117,513
Adjustments in respect of prior periods	(116,325)	–
Total current tax	<u>(116,325)</u>	<u>117,513</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(21,672)	133,772
<b>Tax on profit</b>	<u>(137,997)</u>	<u>251,285</u>

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

The tax assessed on the profit on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	<u>559,602</u>	<u>1,358,763</u>
Profit on ordinary activities by rate of tax	106,324	258,165
Adjustment to tax charge in respect of prior periods	(116,325)	(18,887)
Effect of expenses not deductible for tax purposes	3,277	12,007
Effect of capital allowances and depreciation	(131,273)	–
Tax on profit	<u>(137,997)</u>	<u>251,285</u>

### 11. Dividends

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

	2022 £	2021 £
Equity dividends on ordinary shares	<u>5,714</u>	<u>61,951</u>

# Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2022

## 12. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2021	1,580,000	7,567,865	662,715	9,810,580
Additions	4,742,962	2,449,219	19,258	7,211,439
Disposals	(693,751)	(38,996)	–	(732,747)
<b>At 31 March 2022</b>	<b>5,629,211</b>	<b>9,978,088</b>	<b>681,973</b>	<b>16,289,272</b>
<b>Depreciation</b>				
At 1 April 2021	35,028	3,336,241	536,450	3,907,719
Charge for the year	5,004	764,619	41,895	811,518
Disposals	–	(38,996)	–	(38,996)
<b>At 31 March 2022</b>	<b>40,032</b>	<b>4,061,864</b>	<b>578,345</b>	<b>4,680,241</b>
<b>Carrying amount</b>				
<b>At 31 March 2022</b>	<b>5,589,179</b>	<b>5,916,224</b>	<b>103,628</b>	<b>11,609,031</b>
At 31 March 2021	1,544,972	4,231,624	126,265	5,902,861

On 1 April 2014, the directors revalued some of the freehold land included within freehold property above as part of the transition to FRS102 to £780,477 (2021 - £780,477). The historical cost of the land was £524,000 (2021 - £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 2022</b>	
Aggregate cost	1,323,523
Aggregate depreciation	(69,634)
<b>Carrying value</b>	<b>1,253,889</b>
<b>At 31 March 2021</b>	
Aggregate cost	1,323,523
Aggregate depreciation	(64,630)
<b>Carrying value</b>	<b>1,258,893</b>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2022

### 12. 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 2022	<u>3,172,551</u>
At 31 March 2021	<u>2,282,456</u>

### 13. Investments

	Shares in group undertakings £
Cost	
At 1 April 2021 and 31 March 2022	<u>1</u>
Impairment	
At 1 April 2021 and 31 March 2022	<u>-</u>
Carrying amount	
At 31 March 2022	<u>1</u>
At 31 March 2021	<u>1</u>

#### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Mainline Flatpacks Limited	Ordinary	100

During the year Mainline Flatpacks Limited remained dormant.

### 14. Stocks

	2022 £	2021 £
Raw materials and consumables	428,688	403,292
Work in progress	116,164	89,250
Finished goods and goods for resale	181,464	438,978
	<u>726,316</u>	<u>931,520</u>

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2022

### 15. Debtors

	2022	2021
	£	£
Trade debtors	4,013,379	3,605,305
Prepayments and accrued income	319,183	435,621
Corporation tax repayable	116,330	—
Other debtors	64,759	55,141
	<u>4,513,651</u>	<u>4,096,067</u>

Trade debtors includes amounts recoverable on contract of £991,701 (2021 - £980,040).

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

	2022	2021
	£	£
Bank loans and overdrafts	2,745,777	918,001
Trade creditors	2,615,494	2,494,394
Amounts owed to group undertakings	1	1
Accruals and deferred income	257,128	165,342
Corporation tax	—	132,772
Social security and other taxes	447,726	840,119
Obligations under finance leases and hire purchase contracts	674,181	615,089
Director loan accounts	200,000	—
Other creditors	79,052	67,033
	<u>7,019,359</u>	<u>5,232,751</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 (2020 - £50,000) in total.

Bank loans include a treasury loan repayable by monthly instalments of £8,477. The monthly repayment is inclusive of interest charged at 1.4% over base rate.

Bank loans also include a commercial mortgage loan repayable by monthly instalments of £22,899. The monthly repayment is inclusive of interest charged at 2.75% over base rate.

Bank loans further include a coronavirus business interruption loan repayable by monthly instalments of £6,250. The monthly repayment is inclusive of interest charges at 3.49% over base rate.

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

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

	2022	2021
	£	£
Bank loans and overdrafts	3,081,066	180,212
Obligations under finance leases and hire purchase contracts	1,811,140	878,369
	<u>4,892,206</u>	<u>1,058,581</u>



## Lil Packaging Ltd

### Notes to the Financial Statements (continued)

Year ended 31 March 2022

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

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:

	2022	2021
	£	£
Not later than 1 year	674,181	615,089
Later than 1 year and not later than 5 years	1,811,140	878,369
	<u>2,485,321</u>	<u>1,493,458</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 2021	530,339
Movement in provision	(21,672)
At 31 March 2022	<u>508,667</u>

#### 20. Deferred tax

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

	2022	2021
	£	£
Included in provisions (note 19)	<u>508,667</u>	<u>530,339</u>

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

	2022	2021
	£	£
Accelerated capital allowances	882,896	531,300
Unused tax losses	(371,964)	—
Other timing differences	(2,265)	(961)
	<u>508,667</u>	<u>530,339</u>

#### 21. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £77,619 (2021: £70,796).

# Lil Packaging Ltd

## Notes to the Financial Statements (continued)

Year ended 31 March 2022

### 22. Called up share capital

Issued, called up and fully paid

	2022		2021	
	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>

### 23. 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.

### 24. Analysis of changes in net debt

	At 1 Apr 2021	Cash flows	Other changes	At 31 Mar 2022
	£	£	£	£
Cash at bank and in hand	177,973	371,896	–	549,869
Debt due within one year	(1,533,091)	(654,497)	(1,432,371)	(3,619,959)
Debt due after one year	(1,058,581)	(3,350,000)	(483,625)	(4,892,206)
	<u>(2,413,699)</u>	<u>(3,632,601)</u>	<u>(1,915,996)</u>	<u>(7,962,296)</u>

### 25. Capital commitments

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

	2022	2021
	£	£
Tangible assets	<u>1,507,445</u>	<u>838,191</u>

### 26. Operating leases

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

	2022	2021
	£	£
Not later than 1 year	123,838	173,047
Later than 1 year and not later than 5 years	–	123,838
	<u>123,838</u>	<u>296,885</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 2022 amounting to £546,213 (2021 - £815,755).

# **Lil Packaging Ltd**

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

**Year ended 31 March 2022**

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

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

**28. Related party transactions**

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 (2021 - £114,320). At the balance sheet date the company owed R S Lill and J Lill £28,580 (2021 - £20,080) which is included within trade creditors.