

LATTICE LABELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

FOR THE YEAR ENDED 31 DECEMBER 2019

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LATTICE LABELS LIMITED

COMPANY INFORMATION

Directors	C B Beadle J L Roberts M Chambers (resigned 26 February 2019) G Powell T C Clifton
Company secretary	T C Clifton
Registered number	02589295
Registered office	2 Chester Road Colmworth Business Park Eaton Socon St Neots Cambridgeshire PE19 8YT
Independent auditors	Price Bailey Statutory Auditors & Chartered Accountants Tennyson House Cambridge Business Park Cambridge CB4 0WZ
Bankers	Barclays Bank plc 41 High Street St Neots PE19 1AS
Solicitors	Schofield Sweeney Number 1 Valley Court Canal Road Bradford BD1 4SP

LATTICE LABELS LIMITED

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LATTICE LABELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

This is a balanced and comprehensive review of the performance of our business during the year and its position at the year end consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

Business review

Financial overview

The Company achieved a profit before taxation for the year ended 31 December 2019 of £531,935 (2018: £704,219)

The directors are pleased with the performance of the business and expect a similar level of performance for the year ahead subject to influence of external economic factors.

Turnover

Management consider the results for the year to be in line with overall performance of the market.

Operating costs

Operating costs have been controlled and remain consistent with the prior financial year.

Principal risks and uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks. Management have set out below the principal risks facing the business. Where possible processes are in place to monitor and mitigate such risks.

Economic downturn

The success of the business is reliant on consumer demand. An economic downturn, resulting in reduction of consumer demand, will have an impact on the income achieved by the Company. In response to this risk, management aim to keep abreast of economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

Manufacturing of products

The Company is reliant on its products being of a high quality and up to date with its customer's demand. This exposes the Company to risks in a number of areas which is dependent on its manufacturing in respect of:

- quality of the labels
- pricing of the labels
- range of types of labels offered

Management are confident that the products produced will be of a continued high quality and will meet the market's demand.

LATTICE LABELS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial key performance indicators

The Company measures its financial performance in several areas as follows:


1. Growth in turnover is a key measure of the company's success in winning new business and retaining existing clients. The pound fluctuated considerably during the year, causing raw material price instability which in turn caused some loss of turnover. Gross margins improved by 1.0 percentage points compared to 2018 which helped offset some of the impact of the reduced turnover.
2. Cash collection and stock leveraging forms part of our working capital management. At the year end average debtor days were 59.8 days (2018 - 64.3 days) compared to a target of 65.0 days and stock turns of 21.0:1 (2018 - 23.0:1) compares favourably with 2018.

Other key performance indicators

The Company measures its non-financial performance in several areas as follows:

1. The securing of new business is a critical area if the business is to continue to grow. The value of contracts won during the year is therefore closely monitored. During the year the level of new business won exceeded our target and helped mitigate our losses.
2. The level of contract losses is also measured. Contract losses are categorised into two areas- those under our control and those outside our control. The level of contract losses under our control was in line with anticipated levels, whilst contract losses outside of our control (receiverships and closures) was broadly as expected.
3. Productivity and efficiency is monitored and assessed using different metrics compared to previous years performance, across a wide range of indicators our performance has improved facilitated by product mix improvements and continued targeted capital expenditure.

This report was approved by the board and signed on its behalf.


.....
C B Beadle
Director

Date: 14/09/2020

LATTICE LABELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- *select suitable accounting policies for the Company's financial statements 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 to 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.

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

Results and dividends

The profit for the year, after taxation, amounted to £446,138 (2018 - £567,552).

The Directors recommend the payment of a dividend this year totalling £80,000 (2018 - £80,000).

Directors

The directors who served during the year were:

C B Beadle
J L Roberts
M Chambers (resigned 26 February 2019)
G Powell
T C Clifton

Future developments

The Directors anticipate no significant changes in the Company's activities for the foreseeable future.

LATTICE LABELS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events


Since the beginning of 2020 COVID-19 has spread rapidly around the world with increasingly drastic effects on society and the economy. At the time of writing the full consequences are impossible to foresee, and new restraining actions are being developed on a day to day basis. Whilst the general effects on the economy and society are negative, we have assessed that, as far as can be known, the short-term financial impact of the virus on the Company is likely to be minimal.

Please see note 25 for further details.

Auditors

Under section 487(2) of the Companies Act 2006, Price Bailey will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 14/09/2020 and signed on its behalf.


.....
C B Beadle
Director

LATTICE LABELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LATTICE LABELS LIMITED

Opinion

We have audited the financial statements of Lattice Labels Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet 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 Financial Reporting Standard 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 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

LATTICE LABELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LATTICE LABELS LIMITED (CONTINUED)

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 Auditors' 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.

Opinion 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.

LATTICE LABELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LATTICE LABELS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's shareholders 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders for our audit work, for this report, or for the opinions we have formed.

Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey

Statutory Auditors
Chartered Accountants

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 06/10/2020

LATTICE LABELS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	10,175,344	11,116,974
Cost of sales		(6,915,540)	(7,664,956)
Gross profit		3,259,804	3,452,018
Distribution costs		(123,989)	(112,263)
Administrative expenses		(2,601,438)	(2,629,448)
Operating profit	5	534,377	710,307
Interest receivable and similar income	8	288	65
Interest payable and expenses	9	(2,730)	(6,153)
Profit before tax		531,935	704,219
Tax on profit	10	(85,797)	(136,667)
Profit after tax		446,138	567,552
Retained earnings at the beginning of the year		1,908,157	1,420,605
Profit for the year		446,138	567,552
Dividends declared and paid		(80,000)	(80,000)
Retained earnings at the end of the year		2,274,295	1,908,157


The notes on pages 10 to 21 form part of these financial statements.

LATTICE LABELS LIMITED
REGISTERED NUMBER: 02589295

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	1,290,331	1,489,262
Current assets			
Stocks	13	338,883	394,759
Debtors: amounts falling due within one year	14	2,288,097	2,156,668
Cash at bank and in hand	15	406,913	844,020
		<u>3,033,893</u>	<u>3,395,447</u>
Creditors: amounts falling due within one year	16	(1,427,677)	(2,328,940)
Net current assets		<u>1,606,216</u>	<u>1,066,507</u>
Total assets less current liabilities		<u>2,896,547</u>	<u>2,555,769</u>
Provisions for liabilities			
Deferred tax	17	(188,502)	(213,862)
Other provisions	18	(125,000)	(125,000)
Net assets		<u><u>2,583,045</u></u>	<u><u>2,216,907</u></u>
Capital and reserves			
Called up share capital	19	308,750	308,750
Profit and loss account	20	2,274,295	1,908,157
		<u><u>2,583,045</u></u>	<u><u>2,216,907</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
14/09/2020


.....
C B Beadle
Director

The notes on pages 10 to 21 form part of these financial statements.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Lattice Labels Limited is a private Company limited by shares incorporated in England and Wales, United Kingdom. The registered office is 2 Chester Road, Colmworth Business Park, Eaton Socon, St Neots, PE19 8YT.

The principal activity of the company continued to be that of a label producer and supplier.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's level of rounding is to the nearest GBP.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the impact of the COVID-19 pandemic on the Company's operations and going concern status. In making their assessment they have prepared sales, profit and loss and cash flow forecasts, which have been prepared using various scenarios in relation the continued impact of COVID-19 and management's best estimate of future demand.

Despite the pandemic, the directors anticipate that the company will remain profitable for the year ahead. The directors continue to monitor cashflow closely and exercise tight credit control and, based on their forecasts and built up reserves, consider it appropriate to continue to prepare the financial statements on a going concern basis.

At the time of writing the full consequences are impossible to foresee, and new restraining actions are being developed on a day to day basis. Please see post balance sheet events note for more information.

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch of goods.

2.4 Cash flow exemption

The Company, being a subsidiary undertaking whose parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	-	5-20% straight line
Fixtures and fittings	-	5-10% straight line
Computer equipment	-	18-32% straight line

2.6 Operating leases: the Company as lessee

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

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete the sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.19 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.20 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make significant judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Estimates and judgements are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Details of the company's significant accounting judgements and critical estimates include:

Impairment of stock and work in progress

Management have assessed the need to write off or provide against any specific items based on the levels held at period end and the expected sales of such items in the immediate period post year end. Management take into account historic sales data at the date the estimate is made.

Impairment of trade debtors

The recoverability of trade debtors has been assessed at the year end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgement of all the available information and their experience of the specific nature of the trade debtor in question

4. Turnover

The whole of the turnover is attributable to the one principal activity of the Company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	9,928,834	10,829,241
Rest of Europe	246,510	287,733
	<u>10,175,344</u>	<u>11,116,974</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	172,509	278,593
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,800	12,000
Exchange differences	(11,325)	642
Operating lease rentals	204,762	190,794
Defined contribution pension cost	115,101	92,585
	<u>472,847</u>	<u>574,514</u>

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,473,812	1,463,174
Social security costs	151,591	146,706
Cost of defined contribution scheme	115,101	92,585
	<u>1,740,504</u>	<u>1,702,465</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Production and development	48	51
Office management	3	2
	<u>51</u>	<u>53</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	424,983	391,421
Company contributions to defined contribution pension schemes	42,330	35,491
	<u>467,313</u>	<u>426,912</u>

During the year retirement benefits were accruing to 5 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £105,009 (2018 - £99,283).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,920 (2018 - £5,613).

8. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>288</u>	<u>65</u>

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	520	1,796
Finance leases and hire purchase contracts	2,210	4,357
	<u>2,730</u>	<u>6,153</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	111,157	130,603
Deferred tax		
Origination and reversal of timing differences	(25,360)	6,064
Taxation on profit on ordinary activities	<u>85,797</u>	<u>136,667</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>531,935</u>	<u>704,219</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	101,068	133,802
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,349	10,081
Capital allowances for year in excess of depreciation	11,109	(6,064)
Changes in provisions leading to an increase (decrease) in the tax charge	(2,369)	-
Deferred tax	(25,360)	(1,152)
Total tax charge for the year	<u>85,797</u>	<u>136,667</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Dividends

	2019 £	2018 £
Declared in the year	80,000	80,000

12. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2019	3,085,204	309,352	3,394,556
Additions	12,354	20,521	32,875
Disposals	(158,547)	(29,356)	(187,903)
At 31 December 2019	2,939,011	300,517	3,239,528
Depreciation			
At 1 January 2019	1,619,773	285,521	1,905,294
Charge for the year on owned assets	159,881	12,628	172,509
Disposals	(99,250)	(29,356)	(128,606)
At 31 December 2019	1,680,404	268,793	1,949,197
Net book value			
At 31 December 2019	1,258,607	31,724	1,290,331
At 31 December 2018	1,465,431	23,831	1,489,262

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	-	253,958

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13. Stocks

	2019 £	2018 £
Raw materials and consumables	282,936	344,618
Finished goods and goods for resale	55,947	50,141
	<u>338,883</u>	<u>394,759</u>

14. Debtors

	2019 £	2018 £
Trade debtors	1,619,135	2,065,413
Amounts owed by group undertakings	625,506	-
Prepayments and accrued income	43,456	91,255
	<u>2,288,097</u>	<u>2,156,668</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>406,913</u>	<u>844,020</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,014,862	1,685,049
Corporation tax	111,157	130,603
Other taxation and social security	204,972	212,312
Obligations under finance lease and hire purchase contracts	-	166,667
Other creditors	23,724	6,096
Accruals and deferred income	72,962	128,213
	<u>1,427,677</u>	<u>2,328,940</u>

The aggregate amount of creditors in the Company's balance sheet as at the year end in respect of which security has been given by the company is £Nil (2018: £166,667).

Hire purchase contracts outstanding in the previous year were secured against the assets to which they related.

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Deferred taxation

	2019 £
At beginning of year	(213,862)
Charged to profit or loss	25,360
At end of year	<u>(188,502)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	188,502	213,862
	<u>188,502</u>	<u>213,862</u>

18. Provisions

	Dilapidations Provision £
At 1 January 2019	125,000
At 31 December 2019	<u>125,000</u>

A dilapidations provision was included in the financial statements in respect of remedial work required to reinstate the buildings when vacated.

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
308,750 (2018 - 308,750) Ordinary Shares shares of £1.00 each	308,750	308,750
	<u>308,750</u>	<u>308,750</u>

20. Reserves

Profit and loss account

Includes all current and prior period retained profits or losses less any dividends paid.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Contingent liabilities

Intercompany bank guarantees have been given to the parent company, Random Factor Limited, via a fixed and floating charge over the net book value of the company's assets. The amount of this guarantee as at 31 December 2019 is £1,606,371 (2018 - £Nil).

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £115,101 (2018 - £92,585). Payable to the fund at the balance sheet date was £Nil (2018 - £12,467).

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	-	137,250
Later than 1 year and not later than 5 years	-	160,125
	<u>-</u>	<u>297,375</u>

During the year the Company's parent purchased the buildings which related to the operating lease listed in 2019. No subsequent formal lease commitment was entered into with the parent, so the commitment is no longer applicable.

	2019 £	2018 £
Not later than 1 year	42,999	49,677
Later than 1 year and not later than 5 years	14,893	42,186
	<u>57,892</u>	<u>91,863</u>

24. Related party transactions

The Company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned Group companies.

Only the Directors are considered to be key management and personnel. Total remuneration in respect of these individuals is disclosed in note 7.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

25. Post balance sheet events

Since the beginning of 2020 COVID-19 has spread rapidly around the world with increasingly drastic effects on society and the economy. At the time of writing the full consequences are impossible to foresee, and new restraining actions are being developed on a day to day basis. Whilst the general effects on the economy and society are negative, we have assessed that, as far as can be known, the short-term financial impact of the virus on the Company is likely to be minimal. We base this assessment on the following factors:

- The Company can implement safeworking COVID-19 practices that apply the required 2m social distance and in doing so we can continue ordinary business operations, with minimal disruption to routine work.
- The Company is placed in an industry which has continued to sustain similar levels of activity despite the COVID related lockdown and other restrictions.

26. Controlling party

The ultimate parent undertaking of the Company is Random Factor Limited. The ultimate controlling party of the Company are the Board of Directors of Random Factor Limited by virtue of their directorships and shareholdings of the company.