

LATTICE LABELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



LATTICE LABELS LIMITED

COMPANY INFORMATION

Directors	C B Beadle J L Roberts M Chambers 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 2017

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 2017 of £807,952 (2016: loss £1,251,490 - which is after the write off of group loan balances classified as exceptional costs totalling £1,975,210)

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 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 2017

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 weakened considerably in the second half of the year, causing significant upward pressure on imported material costs, which led to the need for us to increase pricing causing some customer instability and temporary loss of turnover.
2. Cash collection and stock leveraging forms part of our working capital management. At the year end average debtor days were 65.2 days compared to a target of 65.0 days and average stock turns of 24.4:1 compares very favourably against a target of 23.0:1.

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 was significantly up against target.
2. For similar reasons, the level of contract losses is also measured. Contract losses are categorised into two areas – those under our control and those outside of our control. The level of contract losses under our control was below our anticipated level, even with substantial upward price pressure in the second half of the year, whilst contract losses outside of our control (receiverships and closures) was broadly as expected.
3. Productivity efficiency is monitored and assessed and compared against previous year's performance output per employee. This shows a significant double digit improvement in performance compared to 2016, facilitated by product mix improvements and target capital expenditure.

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


.....
C B Beadle
Director

Date: 3.5.18

LATTICE LABELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year were:

C B Beadle
J L Roberts
M Chambers
G Powell
T C Clifton

Results and dividends

The profit for the year, after taxation, amounted to £662,358 (2016 - loss £1,392,202).

The directors recommend the payment of a dividend this year totalling £225,000 (2016 - £Nil) all of which has been paid.

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.

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 2017**

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

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

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 and signed on its behalf.


.....
C B Beadle
Director

Date: 3.5.18

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 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 2017 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.

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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The 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.

LATTICE LABELS LIMITED

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

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.

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.

LATTICE LABELS LIMITED

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

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.

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: 24/5/18

LATTICE LABELS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	10,369,635	9,274,310
Cost of sales		(7,057,034)	(6,138,617)
Gross profit		<u>3,312,601</u>	<u>3,135,693</u>
Distribution costs		(84,993)	(96,212)
Administrative expenses		(2,411,162)	(2,288,673)
Exceptional other operating charges		-	(1,975,210)
Operating profit/(loss)	5	<u>816,446</u>	<u>(1,224,402)</u>
Interest receivable and similar income	8	10	11
Interest payable and expenses	9	(8,504)	(27,099)
Profit/(loss) before tax		<u>807,952</u>	<u>(1,251,490)</u>
Tax on profit/(loss)	10	(145,594)	(140,712)
Profit/(loss) for the financial year		<u><u>662,358</u></u>	<u><u>(1,392,202)</u></u>

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 23 form part of these financial statements.


LATTICE LABELS LIMITED
REGISTERED NUMBER: 02589295

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	1,407,089	1,248,107
		<u>1,407,089</u>	<u>1,248,107</u>
Current assets			
Stocks	14	197,509	275,528
Debtors: amounts falling due within one year	15	2,404,701	2,256,400
Cash at bank and in hand	16	70,617	59,984
		<u>2,672,827</u>	<u>2,591,912</u>
Creditors: amounts falling due within one year	17	(2,017,763)	(2,246,819)
Net current assets		<u>655,064</u>	<u>345,093</u>
Total assets less current liabilities		<u>2,062,153</u>	<u>1,593,200</u>
Provisions for liabilities			
Deferred tax	19	(207,798)	(201,203)
Other provisions	20	(125,000)	(100,000)
Net assets		<u><u>1,729,355</u></u>	<u><u>1,291,997</u></u>
Capital and reserves			
Called up share capital	21	308,750	308,750
Profit and loss account	22	1,420,605	983,247
		<u><u>1,729,355</u></u>	<u><u>1,291,997</u></u>

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

3.5.18



C B Beadle
 Director

The notes on pages 11 to 23 form part of these financial statements.

LATTICE LABELS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	308,750	2,375,449	2,684,199
Loss for the year	-	(1,392,202)	(1,392,202)
At 1 January 2017	<u>308,750</u>	<u>983,247</u>	<u>1,291,997</u>
Profit for the year	-	662,358	662,358
Dividends: Equity capital	-	(225,000)	(225,000)
At 31 December 2017	<u><u>308,750</u></u>	<u><u>1,420,605</u></u>	<u><u>1,729,355</u></u>

The notes on pages 11 to 23 form part of these financial statements.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 following principal accounting policies have been applied:

2.2 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.

2.3 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 2017

2. Accounting policies (continued)

2.4 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

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 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.

2.7 Debtors

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

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Cash and cash equivalents

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

2.9 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.

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.13 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.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 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 the Company so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 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 the Statement of Comprehensive Income 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.

2.16 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.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.19 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 the Statement of Comprehensive Income 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.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 income 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.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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.

The items in the financial statements where these judgements and estimates have been made include considering impairment of stock, work in progress and trade debtors.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

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

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	10,070,861	8,773,388
Rest of Europe	298,774	500,922
	<u>10,369,635</u>	<u>9,274,310</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	203,044	176,035
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,000	9,800
Exchange differences	(26,692)	(38,240)
Operating lease rentals	185,443	188,839
Defined contribution pension cost	64,115	60,790
	<u>437,910</u>	<u>397,224</u>

6. Employees

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

	2017 £	2016 £
Wages and salaries	1,387,076	1,330,331
Social security costs	142,261	130,450
Cost of defined contribution scheme	64,115	60,790
	<u>1,593,452</u>	<u>1,521,571</u>

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

	2017 No.	2016 No.
Production and development	48	48
Office management	2	2
	<u>50</u>	<u>50</u>

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	388,602	366,343
Company contributions to defined contribution pension schemes	23,032	21,436
	<u>411,634</u>	<u>387,779</u>

During the year retirement benefits were accruing to 5 directors (2016 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £102,163 (2016 - £100,672).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,231 (2016 - £5,230).

8. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>10</u>	<u>11</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	3,763	3,494
Finance leases and hire purchase contracts	4,741	5,155
Other interest payable	-	18,450
	<u>8,504</u>	<u>27,099</u>

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	138,999	142,735
Deferred tax		
Origination and reversal of timing differences	6,595	(2,023)
Taxation on profit on ordinary activities	<u>145,594</u>	<u>140,712</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>807,952</u>	<u>(1,251,490)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	153,511	(250,298)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,260	395,482
Capital allowances for year in excess of depreciation	(13,151)	(2,449)
Deferred tax	(2,026)	(2,023)
Total tax charge for the year	<u>145,594</u>	<u>140,712</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2017 £	2016 £
Declared and paid in the year	<u>225,000</u>	<u>-</u>

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Exceptional other operating charges

	2017 £	2016 £
Group loan balances written off	-	1,975,210

13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2017	2,728,218	305,381	3,033,599
Additions	405,349	7,575	412,924
Disposals	(163,124)	(13,351)	(176,475)
At 31 December 2017	2,970,443	299,605	3,270,048
Depreciation			
At 1 January 2017	1,515,278	270,214	1,785,492
Charge for the year on owned assets	176,948	13,946	190,894
Charge for the year on financed assets	12,150	-	12,150
Disposals	(112,226)	(13,351)	(125,577)
At 31 December 2017	1,592,150	270,809	1,862,959
Net book value			
At 31 December 2017	1,378,293	28,796	1,407,089
At 31 December 2016	1,212,940	35,167	1,248,107

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

	2017 £	2016 £
Plant and machinery	246,680	302,336

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Stocks

	2017 £	2016 £
Raw materials and consumables	175,136	246,015
Finished goods and goods for resale	22,373	29,513
	<u>197,509</u>	<u>275,528</u>

15. Debtors

	2017 £	2016 £
Trade debtors	2,315,948	2,168,342
Prepayments and accrued income	88,753	88,058
	<u>2,404,701</u>	<u>2,256,400</u>

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	70,617	59,984
Less: bank overdrafts	(285,846)	(271,150)
	<u>(215,229)</u>	<u>(211,166)</u>

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	285,846	271,150
Trade creditors	1,087,831	1,405,250
Corporation tax	138,999	142,735
Other taxation and social security	231,519	189,384
Obligations under finance lease and hire purchase contracts	149,994	31,250
Other creditors	7,258	7,866
Accruals and deferred income	116,316	199,184
	<u>2,017,763</u>	<u>2,246,819</u>

LATTICE LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,315,948</u>	<u>2,168,341</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,647,244)</u>	<u>(1,914,700)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise confidential invoice discounting balance, bank overdrafts, trade creditors, obligations under finance lease and hire purchase contracts, other creditors and accruals.

19. Deferred taxation

	2017 £
At beginning of year	(201,203)
Charged to profit or loss	(6,595)
At end of year	<u><u>(207,798)</u></u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(201,203)	(201,203)
Pension surplus	(6,595)	-
	<u><u>(207,798)</u></u>	<u><u>(201,203)</u></u>

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Provisions

	Dilapidations Provision £
At 1 January 2017	100,000
Charged to profit or loss	25,000
At 31 December 2017	125,000

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

21. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
308,750 Ordinary Shares shares of £1 each	308,750	308,750

22. Reserves

Profit and loss account

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

23. 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 £64,115 (2016 - 60,790). No contributions (2016 - £Nil) were payable to the fund at the balance sheet date.

LATTICE LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

24. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Not later than 1 year	137,250	137,250
Later than 1 year and not later than 5 years	297,375	434,625
	<u>434,625</u>	<u>571,875</u>
	2017 £	2016 £
Other		
Not later than 1 year	40,841	49,041
Later than 1 year and not later than 5 years	29,805	52,588
	<u>70,646</u>	<u>101,629</u>

25. Related party transactions

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

Only the director's are considered to be key management and personnel. Total remuneration in respect of these individuals is disclosed in note 8.

26. Controlling party

The ultimate parent undertaking of this 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.