

**LATTICE LABELS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



## **LATTICE LABELS LIMITED**

### **COMPANY INFORMATION**

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

# **LATTICE LABELS LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Independent Auditors' Report</b>	<b>5 - 7</b>
<b>Statement of Income and Retained Earnings</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10 - 22</b>

## **LATTICE LABELS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **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 2018 of £704,219 (2017: £807,952)

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 2018

#### Financial key performance indicators

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

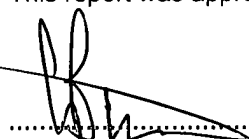
1. Growth in turnover is a key measure of the Company's success in winning new business and retaining existing clients. The pound weakened considerably in the second half of the year, causing significant upward pressure on imported material costs, which led to the need for us to increase pricing causing 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 64.3 days (2017 - 65.2 days) compared to a target of 65.0 days and average stock turns of 23.0:1 (2017 - 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 years performance output per employee. This shows a significant double digit improvement in performance compared to 2017, facilitated by product mix improvements and targeted capital expenditure.

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

  
.....  
**C B Beadle**  
Director

Date: 15. 5. 2019

## **LATTICE LABELS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

#### **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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £567,552 (2017 - £662,358).

The Directors recommend the payment of a dividend this year totalling £80,000 (2017 - £225,000).

#### **Post balance sheet events**

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

#### **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 2018**

**Disclosure of information to auditors**

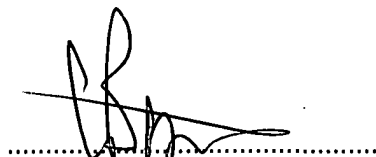
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

**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: 13.5.2019

## **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 2018, 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 2018 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](http://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 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.

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: 12/5/2019

**LATTICE LABELS LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	11,116,974	10,369,635
Cost of sales		(7,664,956)	(7,057,034)
<b>Gross profit</b>		<b>3,452,018</b>	<b>3,312,601</b>
Distribution costs		(112,263)	(84,993)
Administrative expenses		(2,629,448)	(2,411,162)
<b>Operating profit</b>	5	<b>710,307</b>	<b>816,446</b>
Interest receivable and similar income	8	65	10
Interest payable and expenses	9	(6,153)	(8,504)
<b>Profit before tax</b>		<b>704,219</b>	<b>807,952</b>
Tax on profit	10	(136,667)	(145,594)
<b>Profit after tax</b>		<b>567,552</b>	<b>662,358</b>
Retained earnings at the beginning of the year		1,420,605	983,247
Profit for the year		567,552	662,358
Dividends declared and paid		(80,000)	(225,000)
<b>Retained earnings at the end of the year</b>		<b>1,908,157</b>	<b>1,420,605</b>

The notes on pages 10 to 22 form part of these financial statements.

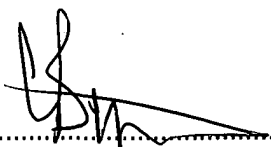
**LATTICE LABELS LIMITED**  
**REGISTERED NUMBER: 02589295**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	1,489,262	1,407,089
<b>Current assets</b>			
Stocks	13	394,759	197,509
Debtors: amounts falling due within one year	14	2,156,668	2,404,701
Cash at bank and in hand	15	844,020	70,617
		<u>3,395,447</u>	<u>2,672,827</u>
Creditors: amounts falling due within one year	16	(2,328,940)	(2,017,763)
<b>Net current assets</b>		<u>1,066,507</u>	<u>655,064</u>
<b>Total assets less current liabilities</b>		<u>2,555,769</u>	<u>2,062,153</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(213,862)	(207,798)
Other provisions	19	(125,000)	(125,000)
<b>Net assets</b>		<u><u>2,216,907</u></u>	<u><u>1,729,355</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	308,750	308,750
Profit and loss account	21	1,908,157	1,420,605
		<u><u>2,216,907</u></u>	<u><u>1,729,355</u></u>

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

15.5.2019

  
 .....  
**C B Beadle**  
 Director

The notes on pages 10 to 22 form part of these financial statements.

## **LATTICE LABELS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **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 2018**

#### **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 Income and Retained Earnings 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 2017 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.

##### **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.

## **LATTICE LABELS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **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.

##### **2.12 Finance costs**

Finance costs are charged to the Statement of Income and Retained Earnings 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.

##### **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.

## **LATTICE LABELS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **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 Income and Retained Earnings 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 Income and Retained Earnings using the effective interest method.

##### **2.18 Borrowing costs**

All borrowing costs are recognised in the Statement of Income and Retained Earnings 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 Income and Retained Earnings 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 2018**

#### **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 Income and Retained Earnings, 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.

#### **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 2018

### 4. Turnover

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

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	10,829,241	10,070,861
Rest of Europe	287,733	298,774
	<u>11,116,974</u>	<u>10,369,635</u>

### 5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	278,593	203,044
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,000	12,000
Exchange differences	642	(26,692)
Operating lease rentals	190,794	185,443
Defined contribution pension cost	92,585	64,115
	<u>574,614</u>	<u>437,910</u>

### 6. Employees

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

	2018 £	2017 £
Wages and salaries	1,463,174	1,387,076
Social security costs	146,706	142,261
Cost of defined contribution scheme	92,585	64,115
	<u>1,702,465</u>	<u>1,593,452</u>

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

	2018 No.	2017 No.
Production and development	51	48
Office management	2	2
	<u>53</u>	<u>50</u>

# LATTICE LABELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	391,421	388,602
Company contributions to defined contribution pension schemes	35,491	23,032
	<u>426,912</u>	<u>411,634</u>

During the year retirement benefits were accruing to 4 directors (2017 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £99,283 (2017 - £102,163).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,613 (2017 - £5,231).

### 8. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>65</u>	<u>10</u>

### 9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	1,796	3,763
Finance leases and hire purchase contracts	4,357	4,741
	<u>6,153</u>	<u>8,504</u>

# LATTICE LABELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 10. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	130,603	138,999
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,064	6,595
<b>Taxation on profit on ordinary activities</b>	<u>136,667</u>	<u>145,594</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>704,219</u>	<u>807,952</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	133,802	153,511
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,081	7,260
Capital allowances for year in excess of depreciation	(6,064)	(13,151)
Deferred tax	(1,152)	(2,026)
<b>Total tax charge for the year</b>	<u>136,667</u>	<u>145,594</u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 11. Dividends

	2018 £	2017 £
Declared in the year	<u>80,000</u>	<u>225,000</u>

**LATTICE LABELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets**

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2018	2,970,443	299,605	3,270,048
Additions	373,344	9,747	383,091
Disposals	(258,583)	-	(258,583)
At 31 December 2018	<u>3,085,204</u>	<u>309,352</u>	<u>3,394,556</u>
<b>Depreciation</b>			
At 1 January 2018	1,592,150	270,809	1,862,959
Charge for the year on owned assets	252,840	14,712	267,552
Charge for the year on financed assets	11,042	-	11,042
Disposals	(236,259)	-	(236,259)
At 31 December 2018	<u>1,619,773</u>	<u>285,521</u>	<u>1,905,294</u>
<b>Net book value</b>			
At 31 December 2018	<u>1,465,431</u>	<u>23,831</u>	<u>1,489,262</u>
At 31 December 2017	<u>1,378,293</u>	<u>28,796</u>	<u>1,407,089</u>

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

	2018 £	2017 £
Plant and machinery	<u>253,958</u>	<u>246,680</u>

# LATTICE LABELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 13. Stocks

	2018 £	2017 £
Raw materials and consumables	344,618	175,136
Finished goods and goods for resale	50,141	22,373
	<u>394,759</u>	<u>197,509</u>

### 14. Debtors

	2018 £	2017 £
Trade debtors	2,065,413	2,315,948
Prepayments and accrued income	91,255	88,753
	<u>2,156,668</u>	<u>2,404,701</u>

### 15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	844,020	70,617
Less: bank overdrafts	-	(285,846)
	<u>844,020</u>	<u>(215,229)</u>

# LATTICE LABELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

	2018 £	2017 £
Bank overdrafts	-	285,846
Trade creditors	1,685,049	1,087,831
Corporation tax	130,603	138,999
Other taxation and social security	212,312	231,519
Obligations under finance lease and hire purchase contracts	166,667	149,994
Other creditors	6,096	7,258
Accruals and deferred income	128,213	116,316
	<u>2,328,940</u>	<u>2,017,763</u>

The following liabilities were secured:

	2018 £	2017 £
Hire purchase contracts	<u>166,667</u>	<u>149,994</u>

Details of security provided:

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 £166,667 (2017: £149,994).

### 17. Financial instruments

	2018 £	2017 £
Financial assets measured at fair value through profit or loss	888,620	-
Financial assets that are debt instruments measured at amortised cost	<u>2,065,413</u>	<u>2,315,948</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,986,026)</u>	<u>(1,647,244)</u>

Financial assets measured at fair value through profit and loss comprise of cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors.

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.

# LATTICE LABELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 18. Deferred taxation

	2018 £
At beginning of year	207,798
Charged to profit or loss	6,064
<b>At end of year</b>	<b>213,862</b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	207,798	201,203
Pension surplus	6,064	6,595
	<b>213,862</b>	<b>207,798</b>

### 19. Provisions

	Dilapidations Provision £
At 1 January 2018	125,000
<b>At 31 December 2018</b>	<b>125,000</b>

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

### 20. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
308,750 (2017 - 308,750) Ordinary Shares shares of £1.00 each	308,750	308,750

### 21. 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 2018

### 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 £92,585 (2017 - £64,115). Payable to the fund at the balance sheet date was £12,467 (2017 - £Nil).

### 23. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
<b>Land and buildings</b>		
Not later than 1 year	137,250	137,250
Later than 1 year and not later than 5 years	160,125	297,375
	<u>297,375</u>	<u>434,625</u>
	2018 £	2017 £
<b>Other</b>		
Not later than 1 year	49,677	40,841
Later than 1 year and not later than 5 years	42,186	29,805
	<u>91,863</u>	<u>70,646</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.

### 25. 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.