

Registered number: 03374815

RIVENDELL EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



RIVENDELL EUROPE LIMITED

COMPANY INFORMATION

Directors

J Pallas
D Patterson
A Joy
J McAuley

Registered number

03374815 (England and Wales)

Registered office

Holland Place
Wardentree Park
Pinchbeck
Spalding
Lincolnshire
PE11 3ZN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
DE74 2UZ

Bankers

Barclays Bank plc
Sixth Floor
One Snowhill
Snowhill Queensway
Birmingham
B4 6GN

RIVENDALL EUROPE LIMITED

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RIVENDELL EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of Rivendell Europe Limited (the "company") is the supply of pre-media services to packaging and home shopping markets.

Business review and future developments

The company's turnover for the year ended 31 December 2018 increased to £9.3m (2017: £7.6m) which was due to an increase in the sale of producing plates on behalf of other members of the Coveris UK group and increased revenues from other existing contracts. Gross margins have decreased to 19.3% (2017: 21.1%) due to an increase in payroll costs required to meet the increased sales demand and a change in the sales mix to now include more intercompany sales.

The company incurred exceptional costs in the year of £0.05m relating to restructuring costs and IT interruption costs (2017: £0.3m relating to an onerous lease).

The above has resulted in the company reporting an operating profit for the year of £0.7m (2017: of £0.3m operating loss).

As the company becomes increasingly integrated within the Coveris UK group the directors expect the company's turnover to continue to grow and the company should continue to improve its profitability in 2019.

The principal risks and uncertainties

The principal and financial risks and uncertainties are managed on a Coveris UK group wide basis. The management of the business and the execution of the group's strategy are subject to a number of principal risks and uncertainties, the most significant being customer relationship/demand management.

Maintaining good working relationships with customers is of paramount importance to the group, therefore being able to predict customer demand and responding to customer requests is key to achieving this. The group utilises its own experience to forecast customer demand and also regularly meets with key customers to identify any changes in demand.

The company is reliant upon key staff and also utilising the latest technology to deliver bespoke solutions to our clients. The board regularly reviews its staffing levels and incentive packages and capital investment programme to ensure that the company has sufficient quality staff and the right equipment to meet our customers changing needs.

RIVENDELL EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Financial risk management

Due to being part of the Coveris group, the financial risk management of the company is managed on a group wide basis by the Coveris S.A. central finance team. The financial risk management risks and policies are disclosed in the consolidated financial statements of Coveris S.A. The elements which are controlled by the company are disclosed below:

The company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise cash balances and intercompany loans. Interest bearing liabilities comprise hire purchase contracts and intercompany loans. The cash assets are subject to interest rate fluctuations. The UK group intercompany loan assets and liabilities are free from interest. The group reviews its interest rate policy on a regular basis.

The company is exposed to liquidity risk. The company has committed financing through its parent undertakings and the group finance team regularly monitor available cash balances and available facilities to ensure that, the group has sufficient funds to meet its obligations.

The company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed over the ability of the customer to pay. Regular reviews of credit limits and monitoring of the aged debtors ledger are utilised to minimise the risk to the group on an ongoing basis. Credit insurance is also utilised to further mitigate the risk of loss to the group.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using non-financial KPIs, other than that included within the review of business, is not necessary for an understanding of the development, performance or position of the business.

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



A Joy
Director

25 September 2019

RIVENDELL EUROPE 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' 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 101 'Reduced Disclosure Framework'. 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Dividends

No dividends were declared or paid during the year (2017: £nil).

Directors

The directors who served during the year and up to the date of approval of these financial statements, unless otherwise stated, were:

J Pallas
J McAuley (appointed 20 February 2019)
A Joy (appointed 4 March 2019)
D Patterson (appointed 25 April 2019)
B Collins (resigned 8 February 2019)
G E Rehwinkel (resigned 17 June 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.

RIVENDELL EUROPE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Matters covered in the strategic report

The principal activity, future outlook, review of business and principal risks and uncertainties (including financial risk management) are disclosed within the strategic report.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



A Joy
Director

25 September 2019

RIVENDELL EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIVENDELL EUROPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Rivendell Europe Limited's 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Income statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

RIVENDELL EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIVENDELL EUROPE LIMITED

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

RIVENDELL EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIVENDELL EUROPE LIMITED

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matt Palmer

Matt Palmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

27 September 2019

RIVENDELL EUROPE LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	3	9,253	7,643
Cost of sales		(7,468)	(6,032)
Gross profit		<u>1,785</u>	<u>1,611</u>
Administrative expenses		(1,087)	(1,637)
Exceptional administrative expenses	5	(45)	(283)
Operating profit/(loss)	6	<u>653</u>	<u>(309)</u>
Interest payable and similar expenses	7	(5)	(6)
Profit/(loss) before tax		<u>648</u>	<u>(315)</u>
Tax on profit/(loss)	8	27	32
Profit/(loss) for the financial year		<u><u>675</u></u>	<u><u>(283)</u></u>

All operations relate to continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

RIVENDELL EUROPE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £000	2017 £000
Profit/(loss) for the financial year	675	(283)
Other comprehensive income	-	-
Total comprehensive income for the year	675	(283)

The notes on pages 12 to 26 form part of these financial statements.

RIVENDELL EUROPE LIMITED
REGISTERED NUMBER: 03374815

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	9	985	485
Deferred taxation asset	16	2	-
		<u>987</u>	<u>485</u>
Current assets			
Stocks	10	208	212
Debtors	11	1,204	1,326
Cash at bank		754	845
		<u>2,166</u>	<u>2,383</u>
Creditors: amounts falling due within one year	12	(1,745)	(2,982)
Net current assets/(liabilities)		<u>421</u>	<u>(599)</u>
Total assets less current liabilities		<u>1,408</u>	<u>(114)</u>
Provisions for liabilities			
Deferred taxation	16	-	(25)
Net assets/(liabilities)		<u><u>1,408</u></u>	<u><u>(139)</u></u>
Capital and reserves			
Called up share capital	17	41	41
Share premium account		9	9
Capital redemption reserve		221	221
Retained earnings/(deficit)		1,137	(410)
		<u>1,408</u>	<u>(139)</u>

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



A Joy
Director

25 September 2019

The notes on pages 12 to 26 form part of these financial statements.

RIVENDELL EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Retained (deficit)/ earnings £000	Total equity £000
At 1 January 2017	41	9	221	(127)	144
Total comprehensive loss	-	-	-	(283)	(283)
At 1 January 2018	41	9	221	(410)	(139)
Total comprehensive income	-	-	-	675	675
Capital contribution - waiver of intercompany loans	-	-	-	872	872
At 31 December 2018	41	9	221	1,137	1,408

The notes on pages 12 to 26 form part of these financial statements.

RIVENDELL EUROPE LIMITED

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

1. Statutory information

Rivendell Europe Limited (the "company") supplies pre-media services to packaging and home shopping markets. The company is a company limited by shares and is incorporated in England. The address of its registered office is Holland Place, Wardentree Park, Pinchbeck, Spalding, Lincolnshire, PE11 3ZN.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 December 2018 (2017: year ended 31 December 2017).

The financial statements have been prepared in £000's unless otherwise stated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

RIVENDELL EUROPE LIMITED

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

2. Accounting policies (continued)

2.3 Turnover

Turnover represents amounts invoiced for the provision of goods and/or services provided during the period, excluding value added tax and after deducting for agreed trade/settlement discounts.

Turnover is recognised upon acceptance of the product/service by the customer, typically this occurs when the product is delivered to the customer or where the design is accepted by the customer.

2.4 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 10% on cost
Fixtures and fittings	- 20% to 33% on cost
Motor vehicles	- 33% on cost

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required they are made retrospectively.

RIVENDELL EUROPE LIMITED

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

2. Accounting policies (continued)

2.5 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and short-term deposits, trade and other receivables and loan notes.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships. The company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Impairment of receivables is reviewed under an Expected Credit Loss model as required under IFRS 9.

RIVENDELL EUROPE LIMITED

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

2. Accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.6 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

RIVENDELL EUROPE LIMITED

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

2. Accounting policies (continued)

2.7 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.8 Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2.10 Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

2.11 Employee benefit costs

The company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

RIVENDELL EUROPE LIMITED

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

2. Accounting policies (continued)

2.12 Judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Impairment of assets - estimate

The future recoverability of assets (being work in progress, debtors and tangible fixed assets) requires the use of judgement as it requires management to make estimates and judgements in relation to future cash flows. These estimates could be impacted by events and circumstances outside of the control of management, for example a deterioration in the financial health of a major customer or significant deterioration in the UK economy as a whole. In making their assessment management have utilised the latest financial performance budgets.

There has been no impact on reported results following the adoption of IFRS 9 in the year.

Useful economic lives of tangible fixed assets and residual values - estimate

The tangible fixed assets are depreciated over their useful economic lives to their expected residual value. A change in technology or other such events could have an impact on both. Each year the assets are reviewed and their useful economic lives and residual values are adjusted, as and when required.

Revenue recognition - judgement and estimate

Revenue is recognised based upon agreed terms with customers and accepted delivery of goods. However, as is common place within the UK Food Industry, agreements are often entered into with customers which retrospectively adjust the invoiced price. These adjustments are often based upon the achievement of variable criteria, for example sales growth year on year or the achievement of sales volume targets. The period of these agreements is often not coterminous with the company's financial year and therefore estimates are required of the likely amounts to be claimed by customers based upon sales made during the year. The settlement of these liabilities could be at differing values to those predicted at the year-end for a number of reasons, for example post year end under/over performance in sales forecasts or negotiations made subsequent to the year end.

There has been no impact on reported revenues following the adoption of IFRS 15 in the year.

RIVENDELL EUROPE LIMITED

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

3. Turnover

The whole of the turnover is attributable to the one principal activity of the company. An analysis of turnover by geographical market is given below.

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	9,117	7,464
Europe	136	171
Other countries	-	8
	9,253	7,643

4. Employees and directors

	2018 £000	2017 £000
Wages and salaries	4,188	3,420
Social security costs	410	325
Cost of defined contribution scheme	164	132
	4,762	3,877

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

	2018 No.	2017 No.
Directors	3	3
Production	30	123
Administration	117	5
	150	131

Directors remuneration

The directors are remunerated by other group companies with no direct recharge of these costs and therefore the disclosure of their emoluments is included within the disclosures made for those companies.

RIVENDELL EUROPE LIMITED

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

5. Exceptional items

	2018 £000	2017 £000
Exceptional administrative expenses - vacated property costs	-	283
Exceptional administrative expenses - restructuring	30	-
Exceptional administrative expenses - IT interruption costs	15	-
	<u>45</u>	<u>283</u>

During 2018, the company continued restructuring its workforce. This has resulted in compensation and redundancy costs of £30,000.

During 2018, the company experienced a cyber attack which resulted in IT interruption costs of £15,000.

During 2017, the company incurred costs of £283,000 relating to an onerous lease for a property vacated during the year.

6. Operating profit/(loss)

The profit/(loss) before taxation is stated after charging:

	2018 £000	2017 £000
Cost of inventories recognised as expense	1,859	1,904
Depreciation - owned assets	153	124
Depreciation - assets on hire purchase contracts	-	57
Auditors remuneration	10	10
Operating leases - property	265	148
Operating leases - other	151	50
Foreign exchange losses/(gains)	1	-
	<u>1</u>	<u>-</u>

7. Interest payable and similar expenses

	2018 £000	2017 £000
Hire purchase interest	5	6
	<u>5</u>	<u>6</u>

RIVENDELL EUROPE LIMITED

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

8. Taxation

	2018 £000	2017 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(20)	(33)
Impact of change in tax rates	-	(2)
Adjustment in respect of prior years	(7)	3
Total deferred tax	(27)	(32)
Taxation on profit/(loss) on ordinary activities	(27)	(32)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2017 - higher) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	648	(315)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	123	(61)
Effects of:		
Other differences	1	2
(Income) not taxable/expenses not deductible for tax purposes	-	5
Re-measurement of deferred tax - change in UK tax rate	-	(2)
Adjustments to tax charge in respect of prior years	(7)	3
Group relief for nil consideration	(144)	21
Total tax charge for the year	(27)	(32)

Factors that may affect future tax charges

The statutory UK corporation tax rate is currently 19%, effective from 1 April 2017 (reduced from 20% previously). Note, this rate will be further reduced in future periods to 17% (effective from 1 April 2020 – substantially enacted on 6 September 2016).

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantially enacted, at 31 December 2018. For the year ended 31 December 2018, the above rates have been utilised to calculate the closing deferred taxation balances (giving an effective rate of 17.90%).

RIVENDELL EUROPE LIMITED

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

9. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2018	3,340	490	5	3,835
Additions	624	29	-	653
Disposals	(1,977)	(239)	-	(2,216)
At 31 December 2018	1,987	280	5	2,272
Depreciation				
At 1 January 2018	2,960	385	5	3,350
Charge for the year	107	46	-	153
Disposals	(1,977)	(239)	-	(2,216)
At 31 December 2018	1,090	192	5	1,287
Net book value				
At 31 December 2018	897	88	-	985
At 31 December 2017	380	105	-	485

Included in the total net book value of tangible fixed assets is £nil in respect of assets held under finance leases and similar hire purchase contracts.

10. Stocks

	2018 £000	2017 £000
Raw materials	91	101
Work in progress	117	111
	208	212

There is no material difference between the replacement cost of stocks and the amounts stated above.

The above is stated after impairment provisions of £nil (2017: £nil).

RIVENDELL EUROPE LIMITED

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

11. Debtors

	2018 £000	2017 £000
Trade debtors	1,054	317
Amounts owed by group undertakings	-	524
Other debtors	35	311
Prepayments	115	174
	<u>1,204</u>	<u>1,326</u>

Amounts owed by group undertakings were repayable within one year are unsecured, interest free and repayable on demand.

Trade debtors are stated after making provisions for impairment of £nil (2017: £nil).

12. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Hire purchase contracts	-	73
Trade creditors	533	558
Amounts owed to group undertakings	764	1,375
Other taxation and social security	242	285
Other creditors	25	277
Accrued expenses	181	414
	<u>1,745</u>	<u>2,982</u>

Amounts due under hire purchase agreements were secured against the assets on which the finance was granted.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

RIVENDELL EUROPE LIMITED

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

13. Financial liabilities - borrowings

The repayment schedule for financial liabilities is as follows:

	2018 £000	2017 £000
Financial liabilities - less than one year		
Hire purchase contracts	-	73
	<u> </u>	<u> </u>

14. Hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2018 £000	2017 £000
Net obligations repayable:		
Within one year	-	73
	<u> </u>	<u> </u>

15. Secured debts

The following secured debts are included within creditors:

	2018 £000	2017 £000
Hire purchase contracts	-	73
	<u> </u>	<u> </u>

Amounts due under hire purchase agreements are secured against the assets on which the finance was granted.

RIVENDELL EUROPE LIMITED

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

16. Deferred taxation

	2018 £000	2017 £000
At beginning of year	(25)	(57)
Charged to income statement	27	32
At end of year	2	(25)

The deferred taxation balance is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	2	(28)
Other	-	3
	2	(25)

Deferred tax is provided where there is reasonable certainty over the recovery of the asset, with regard to future taxable profits. It is expected that there will be sufficient trading profits in the company in the foreseeable future, against which the deferred tax assets will be utilised.

RIVENDELL EUROPE LIMITED

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

17. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
41,000 Ordinary shares of £1 each	41	41

18. Ultimate parent company

The company's immediate parent undertaking is Coveris Flexibles UK Limited. The ultimate parent undertaking and controlling party of the company is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc. The largest and smallest company to consolidate the results and financial position of the company is that headed by Coveris S.A. These consolidated financial statements are available from www.lbr.lu.

19. Contingent liabilities

As at 31 December 2017 the company was a co-guarantor of certain debts within the Coveris S.A. group of companies. These were all repaid in full during the 2018 following the sale of the US and Rigid businesses. On 12 September 2019 a security was granted by the company in relation to the banking facilities operated in the UK. In the opinion of the directors no loss is expected to arise as a result of the security being granted. A copy of this security is filed at companies house and can be accessed at beta.companieshouse.gov.uk.

20. Pension commitments

The company operates a defined contributions pension scheme, during the year ended 31 December 2018 contributions amounted to £164,000 (2017: £132,000). Contributions payable are charged in the income statement. At 31 December 2018 £23,000 (2017: £19,000) was included within accruals.

RIVENDELL EUROPE LIMITED

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

21. Operating lease commitments

	2018 £000	2017 £000
Land and buildings		
Within one year	217	217
Between one and five years	667	750
After more than five years	791	474
	<u>1,675</u>	<u>1,441</u>
	2018 £000	2017 £000
Other		
Within one year	-	81
Between one and five years	-	8
After more than 5 years	-	1
	<u>-</u>	<u>90</u>