

Registered number: 00158917

POLLARD BOXES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018



POLLARD BOXES LIMITED

COMPANY INFORMATION

Directors	C M Pollard M W Pollard J A Jarvis P C Conner M R Stacey
Company secretary	C M Pollard
Registered number	00158917
Registered office	Feldspar Close Enderby Leicester LE19 4SD
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	National Westminster Bank plc 1 Granby Street Leicester LE1 6EJ
Solicitors	Freeth Cartwright LLP Cumberland Court 80 Mount Street Nottingham NG1 6HH

POLLARD BOXES LIMITED

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POLLARD BOXES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report for the year ended 31 December 2017.

Company overview

Our strategy is to continue to build on our market leading position in presentation packaging. We specialise in the design and production of innovative packaging for the luxury drinks, beauty and personal care, gift, multi-media, publishing and games markets.

Our purpose built facilities near Leicester total some 135,000 square feet and comprises 13 fully automated rigid box making lines, our own internal print finishing facility and the group's head office.

Our key objectives are to deliver the highest level of service, quality, innovation and value to our customers.

We are committed to continuing to invest in our business and to providing a safe and rewarding environment for all our staff.

Our over-riding aim is to be a trusted supplier of premium packaging solutions to all our customers.

Business review

Financial performance

Turnover for the year to 31 December 2018 was up on the prior year at £19.9m (2017: £18.9m). This was driven by higher sales into the premium drinks and beauty care sectors.

The loss for the year before tax was £233,000 (2017 profit before tax of £826,000). This has been caused by the continuing pressures of the national living wage rises, input price inflation and a change in customer mix.

Profit for the year after tax was £179,000 (2017: £627,000).

Business Developments

During the year the group invested more than £300,000 in machinery and computer hardware aimed at driving efficiencies through its supply chain.

Investment in systems and associated IT infrastructure to improve end to end processes and performance visibility continued with around £50,000 being spent in 2018.

Principal risks and uncertainties

The principal risk to the company is considered to be the changes in the global economy and the effect on demand for luxury products. Added to this risk is the uncertainty created by BREXIT.

We aim to address these risks through managing our exposure to a broad range of sectors and markets, together with our focus on continuous improvement and our various ISO accreditations.

We also continue to invest in our business and to innovate on behalf of our customers.

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing its exposure to credit risk.

The company also seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

POLLARD BOXES LIMITED

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

Financial key performance indicators

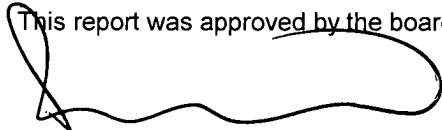
The key performance indicators used by the business primarily focus on turnover, which has increased by 5% to £19.9m (2017: £18.9m), the percentage gross profit of 27% (2017: 32%) and the percentage loss before tax of 1.2% (2017: profit before tax 4.4%).

Future outlook

We expect 2019 to be a year of both turnover and profit growth for the group based on growth in our customer portfolio and the anticipated returns from the investments made in 2018.

Despite the continuing backdrop of challenging economic conditions, the group continues to move forward due to its commitment to investing in its staff and facilities, together with its focus on customer service, quality and innovation.

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



M W Pollard
Director

Date: *23 September 2019*

POLLARD BOXES 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 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 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 judgements 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.

Results and dividends

The profit for the year, after taxation, amounted to £179,000 (2017: £627,000).

During the year, the company paid a dividend of £477,000 (2017: £409,000).

Directors

The directors who served during the year are noted on the company information page.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

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



M W Pollard
Director

Date: 23 September 2019

POLLARD BOXES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLLARD BOXES LIMITED

Opinion

We have audited the financial statements of Pollard Boxes Limited (the 'company') for the year ended 31 December 2018, which comprise the profit and loss account, balance sheet and notes to the financial statements, 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

POLLARD BOXES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLLARD BOXES 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 auditor's 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.

POLLARD BOXES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLLARD BOXES 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Cooper Parry Group Limited

Richard Jones (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: *24th September 2019*

POLLARD BOXES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover	3	19,861	18,961
Cost of sales		(14,539)	(12,880)
Gross profit		<u>5,322</u>	<u>6,081</u>
Administrative expenses		(5,493)	(5,215)
Operating (loss)/profit	4	<u>(171)</u>	<u>866</u>
Interest receivable and similar income		1	-
Interest payable and similar charges	7	(63)	(40)
(Loss)/profit on ordinary activities before taxation		<u>(233)</u>	<u>826</u>
Tax on (loss)/profit on ordinary activities	8	412	(199)
Profit for the year		<u><u>179</u></u>	<u><u>627</u></u>
Retained earnings at the beginning of the year		5,825	5,607
Profit for the year		179	627
Dividends paid	9	(477)	(409)
Retained earnings at the end of the year		<u><u>5,527</u></u>	<u><u>5,825</u></u>

The notes on pages 9 to 24 form part of these financial statements.

POLLARD BOXES LIMITED
REGISTERED NUMBER:00158917

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	3,489	3,516
Investments	12	-	-
		3,489	3,516
Current assets			
Stocks	13	2,006	1,933
Debtors	14	6,872	5,302
Cash at bank and in hand		573	1,041
		9,451	8,276
Creditors: amounts falling due within one year	15	(5,915)	(4,472)
Net current assets		3,536	3,804
Total assets less current liabilities		7,025	7,320
Creditors: amounts falling due after more than one year	16	(1,051)	(1,062)
Provisions for liabilities			
Deferred tax	19	(429)	(415)
Net assets		5,545	5,843
Capital and reserves			
Called up share capital	20	8	8
Capital redemption reserve	21	10	10
Profit and loss account	21	5,527	5,825
		5,545	5,843

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



M W Pollard
 Director

Date: *23 September 2019*

The notes on pages 9 to 24 form part of these financial statements.

POLLARD BOXES LIMITED

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

1. Accounting policies

Pollard Boxes Limited ("the company") is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

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).

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Amendments to FRS 102 issued on 14 December 2017 are effective for companies with accounting periods beginning on or after 1 January 2019, but may be early adopted. The company has taken the option to apply the standard early in the accounting and presentation of these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied:

1.2 Disclosure exemptions

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemptions available in relation to the presentation of a cashflow statement and disclosure of key management remuneration.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes.

Turnover is recognised on despatch of goods to the customers.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

POLLARD BOXES LIMITED

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

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

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.

Repairs and maintenance expenditure are charged to the profit and loss account during the period in which they are incurred.

Depreciation is provided at rates calculated to write off the costs of fixed assets, less their residual value over their expected useful lives on the following basis:

Plant and machinery	-	6.66% straight line basis
Motor vehicles	-	25% straight line basis
Furniture, fittings and equipment	-	10% - 20% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the profit and loss account.

1.6 Investments

Investments are held as fixed assets and are shown at cost less provision for impairment.

1.7 Stocks and work in progress

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

1.8 Hire purchase and finance leases

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their useful lives. 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 profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

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

POLLARD BOXES LIMITED

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

1. Accounting policies (continued)

1.10 Foreign currency translation

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

At each year end foreign currency monetary items are translated using the closing rate. 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 profit and loss account in the period in which they arise.

1.11 Pensions

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 profit and loss account when they fall due. Amounts not paid are shown in creditors due within one year in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.12 Employer financed retirement benefit schemes (EFRBS)

In a previous accounting period, the company established an EFRBS for the benefit of its officers, employees and their wider families, The Pollard Boxes Limited 2012 EFRBS ('the scheme').

No contributions were made to the scheme during the current or prior accounting period.

The company does not include the assets and liabilities of the scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits.

1.13 Share based payments

Having adopted FRS 102 Section 35, where grants of equity instruments existed at 7 November 2002, which remained unvested at 1 January 2006, the company has taken advantage of the transitional rules in the standard not to recognise the fair value of those equity instruments.

1.14 Employee benefit trust (EBT's)

The company does not include the assets and liabilities of Employee Benefit Trusts on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the scheme and will not have control of the rights or other access to those future economic benefits.

POLLARD BOXES LIMITED

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

1. Accounting policies (continued)

1.15 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Legal advice is sought where appropriate.

Provisions are charged as an expense to the profit and loss account 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.

1.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks, other third parties and loans with related parties.

All financial assets and liabilities are initially measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured at the difference between an asset's carrying amount and best estimate, of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

1.18 Current and deferred taxation

The tax charge for the period comprises current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current year or past reporting periods using the tax rates and laws that have been enacted or subsequently enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

POLLARD BOXES LIMITED

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

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future, they are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

Goodwill and intangible assets

The directors establish a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Impairment of non-current assets

The directors assess the impairment of tangible fixed assets and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures, fittings and equipment, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

Investments

Critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at fair value through the profit and loss account. In determining this, the directors apply the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology.

Impairment of other assets

The directors review the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

POLLARD BOXES LIMITED

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

2. Judgements in applying accounting policies (continued)

Carrying value of stocks

The directors review the market value of and demand for the company's stock on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Directors reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and director's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Dilapidation provisions

The company recognises dilapidation provisions on the leasehold properties it occupies. The directors assess the level of provision required on a property by property basis based on past experience within the property portfolio. These provisions are reviewed annually to ensure that they reflect the current best estimate of the provision required.

Leases

Leases entered into either as a lessee are determined as either operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an valuation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due.

The directors estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

POLLARD BOXES LIMITED

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

3. Turnover

The whole of the turnover is attributable to the design and manufacturing of packaging solutions.

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	19,677	18,808
Europe	184	153
	<u>19,861</u>	<u>18,961</u>

4. Operating (loss)/profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the company	236	249
- held under finance leases	86	74
Auditors remuneration	18	18
Loss on sale of tangible assets	10	38
Operating lease rentals	536	499
Loss on foreign exchange	1	26
	<u>1</u>	<u>26</u>

POLLARD BOXES LIMITED

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

5. Staff costs

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

	2018 £000	2017 £000
Wages and salaries	6,303	6,315
Social security costs	481	389
Pension cost	140	105
	<u>6,924</u>	<u>6,809</u>

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

	2018 No.	2017 No.
Production	242	250
Administration	53	58
Management	5	5
	<u>300</u>	<u>313</u>

6. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	272	398
Company contributions to defined contribution pension schemes	16	14
	<u>288</u>	<u>412</u>

During the year retirement benefits were accruing to 3 directors (2017: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £142,000 (2017: £194,000).

7. Interest payable

	2018 £000	2017 £000
Bank interest payable	44	10
Finance leases and hire purchase contracts	19	30
	<u>63</u>	<u>40</u>

POLLARD BOXES LIMITED

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

8. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	(123)	146
Adjustments in respect of previous periods	(303)	(9)
Total current tax	<u>(426)</u>	<u>137</u>
Deferred tax		
Origination and reversal of timing differences	12	55
Adjustments in respect of prior periods	2	7
Total deferred tax	<u>14</u>	<u>62</u>
Taxation on (loss)/profit on ordinary activities	<u>(412)</u>	<u>199</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	<u>(233)</u>	<u>826</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(44)	159
Effects of:		
Fixed asset differences	5	50
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13	4
Additional reduction for R&D expenditure	(122)	-
Adjustment to deferred tax charge for change in tax rate	(2)	(8)
Deferred tax not recognised	(2)	(4)
Adjustment to deferred tax charge in respect of prior periods	2	7
Adjustments to tax charge in respect of prior periods	(303)	(9)
Group relief surrendered	41	-
Total tax charge for the year	<u>(412)</u>	<u>199</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

POLLARD BOXES LIMITED

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

9. Dividends

	2018 £000	2017 £000
Dividends paid	477	409

10. Intangible assets

	Goodwill £000
Cost	
At 1 January 2018 and 31 December 2018	417
Amortisation	
At 1 January 2018 and 31 December 2018	417
Net book value	
At 31 December 2018	-
At 31 December 2017	-

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NOTES TO THE FINANCIAL STATEMENTS
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11. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Fixtures fittings and equipment £000	Total £000
Cost				
At 1 January 2018	4,389	328	1,616	6,333
Additions	252	21	101	374
Disposals	-	(125)	(16)	(141)
Transfers between classes	(38)	-	38	-
At 31 December 2018	<u>4,603</u>	<u>224</u>	<u>1,739</u>	<u>6,566</u>
Depreciation				
At 1 January 2018	1,670	122	1,025	2,817
Charge for the year	134	36	152	322
Disposals	-	(47)	(15)	(62)
At 31 December 2018	<u>1,804</u>	<u>111</u>	<u>1,162</u>	<u>3,077</u>
Net book value				
At 31 December 2018	<u>2,799</u>	<u>113</u>	<u>577</u>	<u>3,489</u>
At 31 December 2017	<u>2,719</u>	<u>206</u>	<u>591</u>	<u>3,516</u>

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

	2018 £000	2017 £000
Plant and machinery	852	766
Furniture, fittings and equipment	203	163
	<u>1,055</u>	<u>929</u>

POLLARD BOXES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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12. Fixed asset investments

	Unlisted investments £000
Cost or valuation	
At 1 January 2018 and 31 December 2018	179
Impairment	
At 1 January 2018 and 31 December 2018	179
Net book Value	
At 31 December 2018	-
At 31 December 2017	-

13. Stocks

	2018 £000	2017 £000
Raw materials	732	668
Work in progress	967	896
Finished goods	307	369
	<u>2,006</u>	<u>1,933</u>

Stock recognised in cost of sales during the year as an expense was £8,240,000 (2017: £7,326,000).

14. Debtors

	2018 £000	2017 £000
Trade debtors	4,601	3,342
Amounts owed by group undertakings	1,157	1,247
Other debtors	912	521
Prepayments and accrued income	202	192
	<u>6,872</u>	<u>5,302</u>

POLLARD BOXES LIMITED

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

15. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Invoice discounting facility	807	-
Bank loans	116	141
Trade creditors	3,355	2,226
Other taxation and social security	894	826
Obligations under finance lease and hire purchase contracts	93	111
Other creditors	-	19
Accruals and deferred income	650	1,149
	<u>5,915</u>	<u>4,472</u>

The invoice discounting facility is secured over book debts.

The bank loans are secured on the company and by way of an unlimited cross corporate guarantee between group companies.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

16. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Bank loans	832	925
Obligations under finance leases and hire purchase contracts	219	137
	<u>1,051</u>	<u>1,062</u>

The bank loans are secured on the company and by way of an unlimited cross corporate guarantee between group companies.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

POLLARD BOXES LIMITED

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

17. Bank loans

Analysis of the maturity of loans is given below:

	2018 £000	2017 £000
Amounts falling due within one year		
Bank loans	116	141
Amounts falling due 1-2 years		
Bank loans	80	116
Amounts falling due 2-5 years		
Bank loans	752	809

The bank loans are secured by a debenture over the company's assets and an unlimited cross guarantee with its parent undertaking, Leicester Fancy Box Company Limited. The bank loans bear interest of 1.5% and 1.9% above LIBOR and are repayable in monthly installments ending in August 2019 and November 2021.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £000	2017 £000
Within one year	93	111
Between 1-5 years	219	137
	<u>312</u>	<u>248</u>

Obligations under finance lease and hire purchase agreements are secured on the assets to which they relate.

POLLARD BOXES LIMITED

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

19. Deferred taxation

	2018 £000
At beginning of year	415
Charged to the profit and loss account	(14)
At end of year	<u>429</u>

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	<u>429</u>	<u>415</u>

20. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid 8,000 Ordinary shares of £1 each	<u>8</u>	<u>8</u>

21. Reserves

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account reserve includes all accumulated profits and losses from previous accounting periods.

22. Commitments under operating leases

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

	2018 £000	2017 £000
Not later than 1 year	304	303
Later than 1 year and not later than 5 years	467	737
	<u>771</u>	<u>1,040</u>

POLLARD BOXES LIMITED

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

23. Other financial commitments

At the year end, the company had entered into contracts for the forward purchase of Euros for the contract value of £1,098,000 (2017: £Nil). There were no transaction costs for these contracts.

The contracts mature between January 2019 and December 2019.

24. Transactions with directors

At the year end, £435,000 (2017: £477,000) was due from the directors of the company and is included within other debtors. The total amount advanced in the year to directors of the company was £1,100,000 (2017: £477,000). The total amount repaid in the year from directors of the company was £1,142,000 (2017: £409,000). No interest is charged on balances owed by directors to the company.

25. Related party transactions

The company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with wholly owned group undertakings.

During the year the company paid rent of £112,000 (2017: £100,000) to a pension scheme, a scheme in which the directors are beneficiaries and trustees.

26. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is Leicester Fancy Box Company Limited. In the opinion of the directors, Leicester Fancy Box Limited has no ultimate controlling party.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Leicester Fancy Box Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.