

Registered No 01858357

# **Skanem UK Limited**

## **Report and Financial Statements**

31 December 2018



**Directors**

Maryne Patricia Lemvik  
Anne Langinyr Alvheim  
Dag Gundersen

**Secretary**

Duncan Raper

**Auditor**

Ernst & Young LLP  
2 St Peter's Square  
Manchester  
M2 3DF

**Bankers**

Danske Bank A/S  
London Branch  
75 King William Street  
London  
EC4N 7DT

**Solicitors**

Muckles' LLP  
Time Central  
32 Gallowgate Street  
Newcastle upon Tyne  
NE1 4SN

**Registered Office**

Bassendale Road  
Croft Business Park  
Wirral  
Merseyside  
CH62 3QL

## Strategic Report

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

### Review of the business

The results for the year are set out on page 10. The company made an operating loss in the year of £1,019,000 (2017: loss £974,000). The increased level of operating loss results from firstly, the loss of a major customer and consequential restructuring of the Liverpool site and secondly reduced margins. After interest and before tax the company made a loss of £973,000 (2017: loss £1,194,000).

The overall loss transferred to reserves for the year is £799,000 (2017: £928,000).

The company's financial and other performance indicators during the year were as follows:

	2018 £000	2017 £000	Change %
Turnover	27,250	29,650	-8%
Operating (loss)/profit	(1,019)	(974)	-5%
(Loss)/profit before taxation	(973)	(1,194)	+19%
Number of employees	164	181	
Turnover per employee	166	164	

The average number of employees has decreased during the year as sales activity levels have decreased. The actual number of employees at the end of the year was 164.

The rate of absenteeism was on a par with last year.

### Future developments

The directors are focused on reducing costs and improving margins through targeted investment to improve operating efficiencies.

### Principal risks and uncertainties

#### Competitive risk

The market place continues to be competitive, but the business is well placed to benefit from its reputation in the region, aided by investment in new, more efficient capital equipment.

#### Legislative risk

The company continues to comply with EU standards which are subject to continuous revision. Any new Directives are not expected to have a material impact on the ability to manufacture and supply products at a profit.

#### Financial risk

The objective of the company's treasury function is to manage the company's financial risk and to minimise the adverse effects of fluctuations in the financial markets on reported profitability and on the cash flows of the company. The main risks associated with the company's financial assets and liabilities are set out below, as are the policies agreed for their management.

#### Interest rate risk

The company does not undertake any hedging activity.

### Principal risks and uncertainties (continued)

#### Credit risk

The company has external debtors; however, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default and part of the external debt is covered by debt insurance.

## Strategic Report

### *Liquidity risk*

The company aims to mitigate liquidity risk by managing cash generated by its operations.

### *Foreign currency risk*

The company seeks to mitigate the effect of its currency exposures by fixing the rates of inter company transactions, monitoring foreign currency sales on a daily basis and matching the volume of euro denominated purchases with euro denominated sales

On behalf of the Board



D Raper  
Secretary

19 December 2019

## Directors' Report

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

### Principal activity

The principal activity of the company continued to be the production of self adhesive labels and the provision of ancillary services to a variety of customers, many of whom operate in the retail sector.

### Directors

The directors who served the company during the year, and up to the date of approval of the financial statements, were as follows:

Ole Rugland (resigned 18<sup>th</sup> October 2019)

Ole Kristian Rugland (resigned 18<sup>th</sup> October 2019)

Dag Gundersen

Maryne Patricia Lemvik (appointed 18<sup>th</sup> October 2019)

Anne Langmyr Alvheim (appointed 18<sup>th</sup> October 2019)

Duncan Raper (resigned 3<sup>rd</sup> September 2018)

Alf Moller (resigned 3<sup>rd</sup> September 2019)

### Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

### Going concern

The directors have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting

On behalf of the Board



D Raper  
Secretary

19 December 2019

## Statement of directors' responsibilities

The directors are responsible for preparing the Director's Report, Strategic 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements 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; and
- 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 proper accounting records which 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report**

**to the members of Skanem UK Limited**

## **Opinion**

We have audited the financial statements of Skanem UK Limited for the year ended 31 December 2018 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 22, 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 FRS 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 company's affairs as at 31 December 2018 and of its loss 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

# **Independent auditor's report**

to the members of Skanem UK Limited (continued)

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions 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 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 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.



# Independent auditor's report

to the members of Skanem UK Limited (continued)

## Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 6, 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 <https://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 auditor's 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.

*Ernst & Young LLP*

Jamie Dixon (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

20 December 2019

## Income Statement

for the year ended 31 December 2018

	<i>Notes</i>	2018 £000	2017 £000
<b>Turnover</b>	2	27,250	29,650
Cost of sales		(23,799)	(24,366)
<b>Gross profit</b>		3,451	5,284
Selling and distribution costs		(749)	(668)
Administrative expenses		(3,255)	(4,889)
Exceptional costs – site closure		(429)	(701)
<b>Operating (loss)/profit</b>	7	(982)	(974)
Interest receivable and similar income	5	335	566
Interest payable and similar charges	6	(286)	(786)
<b>(Loss)/profit before taxation</b>		(933)	(1,194)
Tax credit/(charge) on (loss)/profit	8	179	266
<b>Retained (loss)/profit for the year</b>		(754)	(928)

There was no other comprehensive (loss)/income to report in the Statement of Comprehensive Income, other than those stated above. All activities of the company arise from continuing operations.

## Statement of Changes in Equity

for the year ended 31 December 2018


	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£'000	£'000	£'000
At 1 January 2017	12,156	(1,419)	10,737
Total comprehensive income for the year		(928)	(928)
At 31 December 2017	12,156	(2,347)	9,809
Total comprehensive loss for the year	-	(754)	(754)
At 31 December 2018	12,156	(3,101)	9,055

## Statement of Financial Position

at 31 December 2018

	Notes	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	9	5,199	5,279
Investments	10		
		5,199	5,279
<b>Current assets</b>			
Stocks	11	3,025	2,673
Debtors	12	10,187	9,699
Cash at bank and in hand		-	1,571
		13,212	13,943
<b>Creditors:</b> amounts falling due within one year	13	8,533	8,707
<b>Net current assets</b>		4,679	5,236
<b>Total assets less current liabilities</b>		9,878	10,515
<b>Provisions for liabilities and charges</b>	14	823	706
<b>Net assets</b>		9,055	9,809
<b>Capital and reserves</b>			
Called-up share capital	16	12,156	12,156
Profit and loss account	17	(3,101)	(2,347)
<b>Equity shareholders' funds</b>		9,055	9,809

The financial statements were approved by the Board of Directors on 19 December 2019 and signed on its behalf by:

  
Anne Langmyr Alvheim  
Director

## Notes to the financial statements

at 31 December 2018

### 1. Accounting policies

#### *Statement of compliance*

Skanem UK Limited is a private company limited by shares, incorporated in England. The registered office is Bassendale Road, Croft Business Park, Wirral, Merseyside, CH62 3QL.

The financial statements have been prepared in compliance with FRS 102 for the year ended 31 December 2018

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)  
the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A  
the requirements of Sections 33 1A and 33 7 Related Party Disclosures

The group in which the results of the Company are consolidated is Skanem AS, a company incorporated in Norway. A copy of that company's consolidated financial statements can be obtained from Fabrikkveien 24, 4033 Stavanger, Norway.

#### *Basis of preparation*

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

#### *Consolidation*

The company is exempt from preparing consolidated financial statements in accordance with s400 of the Companies Act 2006.

#### *Judgements and key sources of estimation of uncertainty*

The preparation of the 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 and estimates have had the most significant effect on amounts recognised in the financial statements, are dependent on assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised in the financial statements:

##### (a) Stock Valuation and Provisioning

The company produces Self-Adhesive Labels into stock which in most cases are covered by customer agreements. Stocks produced not subject to agreements are provided against after 6 months, or if over orders, zero value immediately. The basis of valuation of stocks is selling price less a percentage margin which depends upon the cost structure of a particular site. The percentage margin is reviewed every year.

##### (b) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provision for bad debt is made through the income statement 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.

## Notes to the financial statements

at 31 December 2018

### 1. Accounting policies (continued)

#### **Taxation**

Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The company reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

#### **Other significant accounting policies**

##### **Tangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is charged at the following rates:

Freehold buildings and long leasehold property	2%
Leasehold improvements	over the term of the lease
Plant and machinery	10% to 33%
Fixtures, fittings and equipment	10%
Computer software	33%
Motor vehicles	25%

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

##### **Stocks**

Stocks are stated at the equivalent of lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Where necessary, provision is made for obsolete, slow moving and defective stock.

##### **Deferred tax**

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, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 substantively enacted at the balance sheet date.

## Notes to the financial statements

at 31 December 2018

### 1. Accounting policies (continued)

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

#### *Pension costs*

The company operates one defined contribution pension scheme. Pension costs are charged to the income statement as incurred.

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Statement of financial position date are translated at the rates ruling at that date. All foreign exchange differences are taken to the income statement in the year in which they arise.

#### *Leases*

Assets held under finance leases and related lease obligations are recorded in the Statement of financial position at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the period of the leases, even if the payments are not made on such a basis.

#### *Cash and cash equivalents*

Cash and cash equivalents in the Statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

#### *Short term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

#### *Going concern*

The directors have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

## Notes to the financial statements

at 31 December 2018

### 2. Turnover

Turnover is attributable to one continuing activity, the production of self-adhesive labels and the provision of ancillary services.

An analysis of turnover by geographical market is given below:

	2018 £000	2017 £000
By destination:		
United Kingdom	13,701	14,616
Europe	13,545	14,956
Rest of World	4	78
	<u>27,250</u>	<u>29,650</u>

### 3. Directors' remuneration

One director (2017: one) is paid by the company for their services. The other directors are paid by other group companies for their roles across the broader group. It is not practical to apportion their remuneration by group companies.

The remuneration paid to directors of the company was:

	2018 £000	2017 £000
Aggregate emoluments (including benefits in kind)	85	151
Company contributions to money purchase pension schemes	7	11
	<u>92</u>	<u>162</u>

The company contributed to money purchase pension schemes in respect of one director (2017: one)

The director is considered to be the only key management personnel of the company. The national insurance contribution paid on behalf of the director, in addition to their remuneration disclosed above was £10,000.



## Notes to the financial statements

at 31 December 2018

### 4. Employee information

The average monthly number of persons employed by the company during the year, including directors, was:

	2018	2017
	No.	No.
By activity:		
Production	136	148
Sales and distribution	19	25
Administration	9	8
	164	181

Their aggregate remuneration comprised:

	2018	2017
	£000	£000
Wages and salaries	5,573	5,700
Social security costs	597	608
Other pension costs	211	206
Redundancy costs	438	319
	6,819	6,833

### 5. Interest receivable and similar income

	2018	2017
	£000	£000
Exchange gains - third party	335	566

### 6. Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable - third party	9	20
Interest on finance lease arrangements	14	6
Exchange losses - third party	263	760
	286	786

## Notes to the financial statements

at 31 December 2018

### 7. Operating (loss)/profit

This is stated after charging:

	2018	2017
	£000	£000
Depreciation		
- owned tangible fixed assets	607	856
- assets held under finance leases and hire purchase contracts	135	7
Land and buildings operating leases	-	56
Auditors' remuneration		
- audit	41	38
- non-audit (corporate tax compliance)	25	24

### 8. Tax on (loss)/profit

(a) Tax on (loss)/profit

The tax (credit)/charge is made up as follows:

	2018	2017
	£000	£000
<i>Current tax:</i>		
UK corporation tax on the (loss)/profit for the year	-	(177)
Adjustments in respect of previous periods	(6)	8
R&D tax credit	-	(48)
Total current tax	(6)	(217)
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(181)	(49)
Adjustment in respect of previous periods	(11)	-
Effect of changes in tax rates	19	-
Total deferred tax (note 14)	(173)	(49)
Total tax on (loss)/profit (note 8(b))	(179)	(266)

## Notes to the financial statements

at 31 December 2018

### 8. Tax on (loss)/profit (continued)

#### (b) Factors affecting current tax (credit)/charge

The tax assessed on the (loss)/profit for the year is different to the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

	2018	2017
	£000	£000
(Loss)/profit before tax	(933)	(1,194)
(Loss)/profit before tax multiplied by corporation tax in the UK of 19.00% (2017: 19.25%)	(177)	(230)
Disallowed/(non-taxable) items	(4)	4
Adjustment in respect of previous periods	(17)	8
Tax rate changes	19	-
R&D tax credit	-	(48)
Total tax expense (note 8(a))	(179)	(266)

#### (c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted on 26 October 2015 and was effective from 1 April 2017. A rate of 19.00% therefore applies to the current year tax charge.

A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. A rate of 17% has therefore been applied to the deferred tax liability at the statement of financial position date.

## Notes to the financial statements

at 31 December 2018

### 9. Tangible fixed assets

	<i>Land &amp; Machinery &amp; buildings</i>	<i>Fixtures</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 1 January 2018	4,075	23,083	27,158
Additions	--	662	662
At 31 December 2018	4,075	23,745	27,820
Accumulated depreciation:			
At 1 January 2018	1,352	20,527	21,879
Charge for the year	62	680	742
At 31 December 2018	1,414	21,207	22,621
Net book value:			
At 31 December 2018	2,661	2,538	5,199
At 31 December 2017	2,723	2,556	5,279

Land & buildings includes freehold land at a cost of £586,320 (2017: £586,320) which is not depreciated.

The net book value of machinery & fixtures above includes an amount of £908,000 (2017: £602,000) in respect of assets held under finance leases and hire purchase contracts.

## Notes to the financial statements

at 31 December 2018

### 10. Fixed asset investments

	<i>Investments in subsidiary undertakings £000</i>
Cost:	
At 1 January 2018 and 31 December 2018	6,021
Provision for impairment:	
At 1 January 2018 and 31 December 2018	6,021
Net book value:	
At 1 January 2018 and 31 December 2018	-

The company holds more than 20% of the equity of the following companies:

<i>Name of undertaking</i>	<i>Description of shares held</i>	<i>Proportion of nominal value of shares held</i>	
		<i>Company %</i>	<i>Group %</i>
Skanem Delta Label Holdings Limited	Ordinary £1 shares	100	-
Skanem Dynamic Adhesive Products (Holdings) Limited	Ordinary £1 shares	100	-
Skanem Delta Label Systems Limited	Ordinary £1 shares	32.5	100
Skanem Dynarap Limited	Ordinary £1 shares	100	-
Skanem Labelling Dynamics Limited	Ordinary £1 shares	100	-
Skanem SE Labels (UK) Limited	Ordinary £1 shares	100	-

All of the above companies are registered in England and Wales and operated principally within the United Kingdom. Skanem Delta Label Holdings Limited and Skanem Dynamic Adhesive Products (Holdings) Limited are intermediate holding companies and were both dormant throughout 2017. Skanem Delta Label Systems Limited, Skanem Dynarap Limited, Skanem Labelling Dynamics Limited and Skanem SE Labels (UK) Limited were all dormant throughout 2017.

### 11. Stocks

	<i>2018 £000</i>	<i>2017 £000</i>
Raw materials and consumables	381	485
Finished goods and work in progress	2,644	2,188
	<u>3,025</u>	<u>2,673</u>

## Notes to the financial statements

at 31 December 2018

### 12. Debtors

	2018	2017
	£000	£000
Trade debtors	8,448	7,010
Amounts owed by group undertakings - trading	938	1,217
Prepayments and accrued income	491	708
Other debtors	90	587
Corporation tax recoverable	220	177
	10,187	9,699

### 13. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	5,428	7,399
Amounts owed to group undertakings - trading	1,801	310
Other taxation and social security	210	372
Accruals and deferred income	534	531
Obligations under finance leases and hire purchase agreements (note 15)	169	95
Bank Overdraft	391	-
	8,533	8,707

The company has pledged its assets as security under the group banking facility

### 14. Provisions for liabilities and charges

	2018	2017
	£000	£000
Deferred tax	63	236
Obligations under finance leases and hire purchase agreements	760	470
	823	706

Deferred tax movement:

	£000
At 1 January 2018	236
Credit in the year (note 8(a))	(173)
At 31 December 2018	63

## Notes to the financial statements

at 31 December 2018

### 14. Provisions for liabilities and charges (continued)

Deferred tax provided in the financial statements, is as follows:

	2018	2017
	£000	£000
Accelerated capital allowances	306	305
Other short term timing differences	(68)	(69)
Tax losses	(175)	-
Deferred tax liability	63	236

### 15. Obligations under finance leases and hire purchase agreements

	2018	2017
	£'000	£'000
Amounts falling due:		
Within one year or on demand	169	103
In two to five years	710	497
	819	600
Less: future interest charges	(79)	(35)
	740	565

### 16. Called up share capital

	2018	2017
	£000	£000
<i>Authorised</i>		
12,156,500 (2017: 12,156,500) ordinary shares of £1 each	12,156	12,156
<i>Allotted, called up and fully paid</i>		
12,156,500 (2017: 12,156,500) ordinary shares of £1 each	12,156	12,156

### 17. Reserves

*Profit and loss account*

This reserve records the cumulative amount of profits and losses less any dividend distributions paid.

## Notes to the financial statements

at 31 December 2018

### 18. Operating lease commitments

The company had total future minimum rentals payable under non-cancellable operating leases at 31 December as set out below:

	<i>Land and buildings</i>	
	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
Expiry date:		
- Within one year	-	-

### 19. Capital commitments

	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
Contracted for but not provided	-	450

### 20. Pension arrangements

The company operates one defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension costs for the year amounted to £213,000 (2016: £206,000). The unpaid contributions outstanding at the year end are £37,000.

### 21. Related party disclosures

In accordance with FRS 102, reduced disclosures, the company is exempt from the requirement to disclose related party transactions with group companies on the grounds that it is a wholly owned subsidiary undertaking of Skanem AS.

### 22. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is Skanem AS, a company incorporated in Norway which heads the only group into which the results of the company are consolidated. A copy of that company's financial statements can be obtained from, Fabrikkveien 24, 4033 Stavanger, Norway.