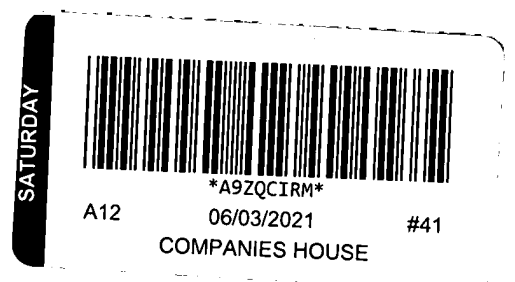


COMPANY REGISTRATION NUMBER: 01895837

Lil Packaging Ltd
Financial Statements
For the year ended
31 March 2020



Lil Packaging Ltd

Financial Statements

Year ended 31 March 2020

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Lil Packaging Ltd

Officers and Professional Advisers

THE BOARD OF DIRECTORS

R S Lill
J Lill
B R Lill
F J Lill

COMPANY SECRETARY

J Lill

REGISTERED OFFICE

9 Glebe Road
Huntingdon
Cambridgeshire
PE29 7DB

AUDITOR

Streets Audit LLP
Chartered accountants & statutory auditor
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

Lil Packaging Ltd

Strategic Report

Year ended 31 March 2020

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity during the year continued to be that of printed packaging manufacturer to the ecommerce sector.

The financial results for the year ended 31 March 2020 have shown an increase in turnover and an increase in profit margins; the company has returned a profit during the year.

Turnover has increased by 34.2% through continued expansion of our customer base within the ecommerce sector combined with continued investment in new products. The gross profit margin has increased from 20.6% in the prior year to 21.3%, which is in line with our expectations.

The key performance indicators of the business tend to be those that reflect the financial performance as a whole, as outlined below:

	2020 £'000	2019 £'000
Turnover	14,186	10,573
Gross profit	3,017	2,177
Operating (loss)/profit before asset disposals	642	(106)
Loss on disposal of fixed assets	183	–
Operating (loss)/profit before interest and tax	459	(106)
Net (loss)/profit before tax	365	(201)
Net assets	3,241	3,032

The board believe that given the straightforward nature of the business no further KPI analysis is required to understand the development, performance and position of the company.

The company has made a significant investment in new equipment in order to increase its capacity and reduce costs in recent years. As such the company is well placed to continue to provide both new and existing customers with an efficient, premium level of service.

The directors are mindful of the challenges being faced as a result of the current economic climate such that in addition to the core business, the company will continue to explore market opportunities outside the UK as a strong global demand for corrugated packaging remains.

Lil Packaging Ltd

Strategic Report *(continued)*

Year ended 31 March 2020

RISK MANAGEMENT OBJECTIVES AND POLICIES

Business Risk

The company operates within the printing and packaging industry, which means its activities are exposed to the economic climate across a variety of business sectors to which sales of goods and work done on manufactured goods are provided. Whilst this is a risk, the directors recognise it also provides an element of business protection where downturns are sector specific.

The nature of the work carried out by the business gives rise to a large proportion of fixed cost expenditure, therefore maintaining activity is of prime importance.

Interest Rate Risk

The business considers the level of risk exposure on all debt transactions and takes necessary steps to reduce risk to an acceptable level. For significant obligations the company seeks to arrange fixed rate finance where possible in order to mitigate interest rate risk.

Exchange Rate Risk

The company's trading activities require certain products to be purchased and sold in foreign currency as opposed to Sterling, giving rise to exchange rate risk. The company operates a foreign currency bank account to give short term control over exchange rate risk. The company also considers the use of forward contracts and forward options to reduce risk to an acceptable level.

Credit Risk and Liquidity Risk

The company has policies in place to ensure transactions are entered into only with parties that are of acceptable credit quality. The company ensures that there are adequate funds available through credit facilities to meet the operational requirements of the business.

Strategy

Supplying the ecommerce industry means we experience seasonal demand and as such we increase our stock levels in the low seasons to smooth out the demand in manufacturing. As a result of the capital investment and expansion of the brand we are highly confident of an increase in both turnover and profit for the next financial year, this is after considering the future impact of COVID-19 on the business which we believe will be minimal as the ecommerce industry continues to thrive. We will continue to closely monitor our customers financial situation with the aim to minimise bad debts.

Future Developments

We continue to strive to eliminate plastics from the ecommerce supply chain, with the goal to have all of our products plastic free by 31st March 2021. The investment in new equipment and training during the year will ensure that our manufacturing processes remain efficient. We anticipate high demand for ecommerce packaging due to the continued increase in size of the ecommerce market and improvements in global economic conditions.

Lil Packaging Ltd

Strategic Report *(continued)*

Year ended 31 March 2020

This report was approved by the board of directors on 24/02/2021 and signed on behalf of the board by:



B R Lill
Director



J Lill
Company Secretary

Lil Packaging Ltd

Directors' Report

Year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Directors

The directors who served the company during the year were as follows:

R S Lill
J Lill
B R Lill
F J Lill

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Disclosure of information in the strategic report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 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;
- 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 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.

Lil Packaging Ltd

Directors' Report *(continued)*

Year ended 31 March 2020

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves 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 of directors on 24/02/2021 and signed on behalf of the board by:



B R Lill
Director



J Lill
Company Secretary

Lil Packaging Ltd

Independent Auditor's Report to the Members of Lil Packaging Ltd

Year ended 31 March 2020

Qualified opinion

We have audited the financial statements of Lil Packaging Ltd (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Due to the extenuating circumstances being experienced as a result of COVID-19 we did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 March 2020, which are included in the balance sheet at £648,444 with a further £431,324 of amounts recoverable on contract included within trade debtors, by using other audit procedures. Consequently we were unable to determine whether any adjustments to these amounts were necessary. In addition, were any adjustments to the inventory balance to be required, the strategic report would also need to be amended.

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 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 qualified 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.

Lil Packaging Ltd

Independent Auditor's Report to the Members of Lil Packaging Ltd *(continued)*

Year ended 31 March 2020

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 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £648,444 with a further £431,324 of amounts recoverable on contract included within trade debtors held at 31 March 2020. We have concluded that where the other information refers to the inventory balance and amounts recoverable on contract or related balances such as turnover and cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, 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.

Lil Packaging Ltd

Independent Auditor's Report to the Members of Lil Packaging Ltd *(continued)*

Year ended 31 March 2020

Matters on which we are required to report by exception

Except for the matters described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to inventory and amounts recoverable on contract, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Lil Packaging Ltd

Independent Auditor's Report to the Members of Lil Packaging Ltd *(continued)*

Year ended 31 March 2020

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 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.

A R Blake

Alan Blake (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountants & statutory auditor
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

25/02/2021

Lil Packaging Ltd

Statement of Income and Retained Earnings

Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	14,185,560	10,572,698
Cost of sales		11,168,948	8,395,366
Gross profit		3,016,612	2,177,332
Administrative expenses		2,557,332	2,283,521
Operating profit/(loss)	5	459,280	(106,189)
Interest payable and similar expenses	8	94,761	94,334
Profit/(loss) before taxation		364,519	(200,523)
Tax on profit/(loss)	9	72,218	(36,893)
Profit/(loss) for the financial year and total comprehensive income		292,301	(163,630)
Dividends paid and payable	10	(82,602)	(82,602)
Retained earnings at the start of the year		2,728,746	2,974,978
Retained earnings at the end of the year		2,938,445	2,728,746

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

Lil Packaging Ltd

Statement of Financial Position

31 March 2020

	Note	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	11		4,596,361		5,029,257
Investments	12		1		1
			<u>4,596,362</u>		<u>5,029,258</u>
Current assets					
Stocks	13	648,444		647,909	
Debtors	14	3,601,543		2,344,458	
Cash at bank and in hand		51,823		32,310	
		<u>4,301,810</u>		<u>3,024,677</u>	
Creditors: amounts falling due within one year	15	<u>4,719,205</u>		<u>3,756,584</u>	
Net current liabilities			<u>417,395</u>		<u>731,907</u>
Total assets less current liabilities			<u>4,178,967</u>		<u>4,297,351</u>
Creditors: amounts falling due after more than one year	16		541,176		941,477
Provisions					
Taxation including deferred tax	18		<u>396,567</u>		<u>324,349</u>
Net assets			<u><u>3,241,224</u></u>		<u><u>3,031,525</u></u>
Capital and reserves					
Called up share capital	21		9,000		9,000
Revaluation reserve	22		286,079		286,079
Capital redemption reserve	22		7,700		7,700
Profit and loss account	22		<u>2,938,445</u>		<u>2,728,746</u>
Shareholders funds			<u><u>3,241,224</u></u>		<u><u>3,031,525</u></u>

These financial statements were approved by the board of directors and authorised for issue on 24/02/2021 and are signed on behalf of the board by:



B R Lill
Director

Company registration number: 01895837

The notes on pages 14 to 25 form part of these financial statements.

Lil Packaging Ltd

Statement of Cash Flows

Year ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	292,301	(163,630)
<i>Adjustments for:</i>		
Depreciation of tangible assets	298,236	281,479
Interest payable and similar expenses	94,761	94,334
Loss on disposal of tangible assets	183,348	–
Tax on profit/(loss)	72,218	(36,893)
<i>Changes in:</i>		
Stocks	(535)	(23,601)
Trade and other debtors	(1,257,085)	(647,619)
Trade and other creditors	666,667	594,647
Cash generated from operations	349,911	98,717
Interest paid	(94,761)	(94,334)
Tax received	–	14,244
Net cash from operating activities	255,150	18,627
Cash flows from investing activities		
Purchase of tangible assets	(247,970)	(128,621)
Proceeds from sale of tangible assets	199,282	–
Net cash used in investing activities	(48,688)	(128,621)
Cash flows from financing activities		
(Repayment of) / proceeds from borrowings	180,044	459,085
Payment of finance lease liabilities	(284,391)	(300,937)
Dividends paid	(82,602)	(82,602)
Net cash (used in)/from financing activities	(186,949)	75,546
Net increase/(decrease) in cash and cash equivalents	19,513	(34,448)
Cash and cash equivalents at beginning of year	32,310	66,758
Cash and cash equivalents at end of year	51,823	32,310

The notes on pages 14 to 25 form part of these financial statements.

Lil Packaging Ltd

Notes to the Financial Statements

Year ended 31 March 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 9 Glebe Road, Huntingdon, Cambridgeshire, PE29 7DB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of freehold buildings prior to the transition to FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The company has taken the exemption available under section 402 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that the subsidiary undertaking can be excluded from the consolidation due to it being dormant and immaterial for the purpose of the financial statements giving a true and fair view.

These financial statements therefore include information about the company as an individual entity only.

Judgements and key sources of estimation uncertainty

The directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

Tangible assets are recognised at cost, less accumulated depreciation and any impairment. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The recoverability of trade debtors and associated provisioning is considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of its customers.

Revenue recognition

The turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and work done on manufactured goods, stated net of discounts and of Value Added Tax.

In respect of long-term contracts, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts is recognised by reference to the stage of completion.

Lil Packaging Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, tax is recognised directly in equity.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are 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 measured 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position. Where realisation is anticipated to be covered by forward exchange contracts or forward options assets and liabilities in foreign currencies are translated at the contracted rate of exchange. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. As at the date of transition to FRS 102, the company elected to use a previous valuation of property as the deemed cost.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line for buildings only
Plant & Machinery	-	4%-33% straight line
Fixtures & Fittings	-	4%-33% straight line

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.

Lil Packaging Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost of raw materials is based upon purchase price. Cost of finished goods is calculated by discounting the sales value of products held.

Work in progress

Non contractual work in progress is valued on the basis of direct costs plus attributable overheads based on normal level activity. Cost is calculated based upon discounted sales value. Provision is made for foreseeable losses where appropriate. No element of profit is included within the valuation of non-contractual work in progress.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measure at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2020

3. Accounting policies (continued)

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods and work done on manufactured goods	<u>14,185,560</u>	<u>10,572,698</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020	2019
	£	£
United Kingdom	13,365,560	9,912,817
Overseas sales	<u>820,000</u>	<u>659,881</u>
	<u>14,185,560</u>	<u>10,572,698</u>

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Depreciation of tangible assets	298,236	281,479
Loss on disposal of tangible assets	183,348	–
Impairment of trade debtors	8,973	66,139
Foreign exchange differences	(65,829)	43,187
Fees payable for the audit of the financial statements	<u>8,400</u>	<u>8,400</u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Production staff	59	51
Administrative staff	15	16
Management staff	<u>12</u>	<u>12</u>
	<u>86</u>	<u>79</u>

Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2020

6. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	2,896,559	2,619,102
Social security costs	259,789	231,031
Other pension costs	54,536	35,485
	<u>3,210,884</u>	<u>2,885,618</u>

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	276,813	272,403
Company contributions to defined contribution pension plans	6,579	6,048
	<u>283,392</u>	<u>278,451</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	124,740	122,658
Company contributions to defined contribution pension plans	3,290	3,024
	<u>128,030</u>	<u>125,682</u>

8. Interest payable and similar expenses

	2020	2019
	£	£
Interest on obligations under finance leases and hire purchase contracts	36,606	50,053
Other interest payable and similar charges	58,155	44,281
	<u>94,761</u>	<u>94,334</u>

Lil Packaging Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

9. Tax on profit/(loss)

Major components of tax expense/(income)

	2020	2019
	£	£
Deferred tax:		
Origination and reversal of timing differences	72,218	(36,523)
Under/(Over)provision in respect of the prior year	–	(370)
Total deferred tax	<u>72,218</u>	<u>(36,893)</u>
Tax on profit/(loss)	<u>72,218</u>	<u>(36,893)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Profit/(loss) on ordinary activities before taxation	<u>364,519</u>	<u>(200,523)</u>
Profit/(loss) on ordinary activities by rate of tax	69,258	(38,099)
Effect of expenses not deductible for tax purposes	2,960	1,576
Under/(Over)provision in respect of the prior year	–	(370)
Tax on profit/(loss)	<u>72,218</u>	<u>(36,893)</u>

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020	2019
	£	£
Equity dividends on ordinary shares	<u>82,602</u>	<u>82,602</u>

Dividends proposed after the year end and not recognised as a liability:

	2020	2019
	£	£
Equity dividends on ordinary shares	<u>82,602</u>	<u>82,602</u>

Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2020

11. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 April 2019	1,580,000	7,113,832	539,481	9,233,313
Additions	–	207,436	40,534	247,970
Disposals	–	(1,494,280)	–	(1,494,280)
At 31 March 2020	<u>1,580,000</u>	<u>5,826,988</u>	<u>580,015</u>	<u>7,987,003</u>
Depreciation				
At 1 April 2019	25,020	3,718,712	460,324	4,204,056
Charge for the year	5,004	255,205	38,027	298,236
Disposals	–	(1,111,650)	–	(1,111,650)
At 31 March 2020	<u>30,024</u>	<u>2,862,267</u>	<u>498,351</u>	<u>3,390,642</u>
Carrying amount				
At 31 March 2020	<u>1,549,976</u>	<u>2,964,721</u>	<u>81,664</u>	<u>4,596,361</u>
At 31 March 2019	<u>1,554,980</u>	<u>3,395,120</u>	<u>79,157</u>	<u>5,029,257</u>

On 1 April 2014, the directors revalued the freehold land included within freehold property above as part of the transition to FRS102 to £780,477 (2019 - £780,477). The historical cost of the land was £524,000 (2019 - £524,000). Land is not depreciated.

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31 March 2020	
Aggregate cost	1,323,523
Aggregate depreciation	(59,626)
Carrying value	<u>1,263,897</u>
At 31 March 2019	
Aggregate cost	1,323,523
Aggregate depreciation	(54,622)
Carrying value	<u>1,268,901</u>

Lil Packaging Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

11. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 March 2020	1,769,339
At 31 March 2019	1,706,783

12. Investments

	Shares in group undertakings £
Cost	
At 1 April 2019 and 31 March 2020	1
Impairment	
At 1 April 2019 and 31 March 2020	-
Carrying amount	
At 31 March 2020	1
At 31 March 2019	1

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Mainline Flatpacks Limited	Ordinary	100

During the year Mainline Flatpacks Limited remained dormant.

13. Stocks

	2020 £	2019 £
Raw materials and consumables	347,299	239,584
Work in progress	35,532	56,502
Finished goods and goods for resale	265,613	351,823
	<u>648,444</u>	<u>647,909</u>

Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2020

14. Debtors

	2020	2019
	£	£
Trade debtors	3,142,268	2,169,451
Prepayments and accrued income	302,702	122,913
Corporation tax repayable	7,664	7,664
Other debtors	148,909	44,430
	<u>3,601,543</u>	<u>2,344,458</u>

Trade debtors includes amounts recoverable on contract of £431,324 (2019 - £590,720).

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	1,676,479	1,418,039
Trade creditors	2,055,172	1,512,033
Amounts owed to group undertakings	1	1
Accruals and deferred income	72,315	65,315
Social security and other taxes	422,269	315,381
Obligations under finance leases and hire purchase contracts	450,588	413,074
Other creditors	42,381	32,741
	<u>4,719,205</u>	<u>3,756,584</u>

Bank loans and overdrafts are secured by a charge over certain trade debtors, a fixed and floating debenture over the company's assets and a legal charge over the freehold property owned by Lil Packaging Ltd. In addition to the security provided by the company R S Lill and J Lill have provided a personal guarantee amounting to £50,000 (2019 - £50,000) in total.

Bank loans include a treasury loan repayable by monthly instalments of £7,066. The monthly repayment is inclusive of interest charged at 1.4% over base rate.

Amounts due under finance leases and hire purchase contracts are secured on the related assets.

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

	2020	2019
	£	£
Bank loans and overdrafts	137,269	215,665
Obligations under finance leases and hire purchase contracts	403,907	725,812
	<u>541,176</u>	<u>941,477</u>

See note 15 above for details of security.

Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2020

17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020	2019
	£	£
Not later than 1 year	450,588	413,074
Later than 1 year and not later than 5 years	403,907	725,812
	<u>854,495</u>	<u>1,138,886</u>

Finance leases and hire purchase creditors are secured on the assets to which they relate.

18. Provisions

	Deferred tax (note 19) £
At 1 April 2019	324,349
Movement in provision	<u>72,218</u>
At 31 March 2020	<u>396,567</u>

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 18)	<u>396,567</u>	<u>324,349</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	397,247	401,860
Unused tax losses	(1,347)	(76,718)
Other timing differences	667	(793)
	<u>396,567</u>	<u>324,349</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £54,536 (2019: £35,485).

Lil Packaging Ltd

Notes to the Financial Statements (continued)

Year ended 31 March 2020

21. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary Class A shares of £1 each	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>

22. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Revaluation reserve - This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset. This reserve is not distributable.

23. Analysis of changes in net debt

	At 1 Apr 2019	Cash flows	Other changes	At 31 Mar 2020
	£	£	£	£
Cash at bank and in hand	32,310	19,513	–	51,823
Debt due within one year	(1,831,113)	(295,954)	–	(2,127,067)
Debt due after one year	(941,477)	–	400,301	(541,176)
	<u>(2,740,280)</u>	<u>(276,441)</u>	<u>400,301</u>	<u>(2,616,420)</u>

24. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2020	2019
	£	£
Tangible assets	<u>728,663</u>	<u>54,250</u>

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	172,047	166,460
Later than 1 year and not later than 5 years	182,564	334,007
	<u>354,611</u>	<u>500,467</u>

In addition to the operating lease commitments noted above, the company has entered into a commitment to purchase board from a supplier during the year ending 31 March 2021 amounting to £300,000 (2019 - £294,000).

Lil Packaging Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

26. Directors' advances, credits and guarantees

There has been no advances, credits and guarantees during the current or prior year.

27. Related party transactions

During both the current and prior years the company was under the joint control of R S Lill and J Lill, who are husband and wife, holding a combined 70% of the ordinary share capital of the company. R S Lill and J Lill are also directors of the company.

A warehouse jointly owned by R S Lill and J Lill is rented to Lil Packaging Limited. The rent during the year was £114,320 (2019 - £114,320). At the balance sheet date the company owed R S Lill and J Lill £20,080 (2019 - £20,080) which is included within trade creditors.