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Registered number: 6333621

Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd)

Annual Report and Financial Statements

For the Year Ended 31 December 2017

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Company Information

Directors	N Gentiletti F Olivier P Morris F Kinnaird B Reid
Company secretary	S Bourne
Registered number	6333621
Registered office	Ash Road North Wrexham Industrial Estate Wrexham LL13 9UF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Barclay Bank plc PO Box 544 54 Lombard Street London EC3V 9EX

Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd)

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Group Strategic Report

For the Year Ended 31 December 2017

Introduction

The group coats and laminates film and paper for use in a number of demanding niche applications. The group continued expansion of the group's Inspire branded medical products which accounts for approximately 50% of revenue. Given the continued growth in this area the group has placed a great emphasis on improving efficiency and increasing throughput to support this growth, without jeopardising the quality and integrity of the products.

Business review

The group continues to invest in plant and machinery to maintain and improve its manufacturing facility and equipment.

Principal risks and uncertainties

The group largely uses cash generated from operations to finance its activities. There is sufficient liquidity within the business to meet its foreseeable needs. Short term intra-group loans are available if necessary

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk

Approximately 69% of the group's sales are to customers outside the UK and hence the group is exposed to transaction foreign exchange risk. These sales are priced accordingly depending on the nature of the transaction. There is scope for some hedging of US Dollar exposure within the group.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest in cash assets safely and profitably. Short-term flexibility is achieved by intra-group funding if required.

Interest rate risk

The group finances its operations through a combination of retained profits and cash assets. The group therefore has limited exposure to interest rate fluctuations.

Credit risk

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Group Strategic Report (continued)

For the Year Ended 31 December 2017

Financial key performance indicators

A number of KPI's are used to assess the performance of the business. Some are listed below;

Gross Margin 32.7% (2016, 34.1%)

Inventory turns 6.34 (2016, 7.6)

Sales/ employee £262k (2016, £268k)

All these KPIs were in line with performance in 2016.

Other key performance indicators

A number of KPI's are used to assess the performance of the business. Some are listed below;

Production Waste 9.4% (2016, 9.3%)

Customer Complaints as % of Sales 0.7% (2016, 1.2%)

Delivery performance to promise date 80% (2016, 97%)

All these KPIs were broadly in line with performance in 2016 however the delivery performance metric implemented during the year was more stringently measured against absolute date leading to the reduction in delivery performance to promise date.

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

P Morris
Director

Date: 27/9/18

Directors' Report

For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

On 25 June 2018, the group changed its name from Coveris Advanced Coatings Holdings (UK) Ltd to Transcontinental Advanced Coatings Holdings UK Ltd.

Subsequent to the year end, on 15 June 2018, the group amended its year end reference date to 28 October from 31 December.

Results and dividends

The profit for the year, after taxation, amounted to £8,128,000(2016 - £8,653,000).

The directors have not recommended payment of a dividend (2016: £Nil).

Directors

The directors who served during the year, and subsequent to the year end, were:

N Gentiletti (appointed 2 June 2018)
F Olivier (appointed 2 June 2018)
P Morris
F Kinnaird
B Reid (appointed 2 June 2018)

Future developments

The group intends to continue to invest in equipment and processes that will further enhance productivity in order to maximise output to support further growth, particularly in the Inspire medical product range.

Directors' Report (continued)

For the Year Ended 31 December 2017

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying third party indemnity provisions

The company has indemnified, by means of directors' and officers' liability insurance, one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Matters covered in the strategic report

Principal risks and uncertainties are detailed in the Strategic Report.

Directors' Report (continued)

For the Year Ended 31 December 2017

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 and the Group'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 and the Group's auditor is aware of that information.

Post balance sheet events

On 1 May 2018 Coveris Americas division, of which this group was a part, was acquired by Transcontinental Inc.

As a result an intercompany loan with Coveris Holdings SA, valued at £11,334k in the balance sheet, was waived along with Cash in the Coveris Cash Pool (shown in the balance sheet as cash) of £19,374k.

Going concern

The financial statements have been prepared on the going concern basis - see note 2 for further detail.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

P Morris
Director

Date: 27/9/18

Grant Thornton

Independent Auditor's Report to the Shareholders of Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd)

Opinion

We have audited the financial statements of Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd) (the parent 'company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial staements 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 Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's 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 Group and parent 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.

Who we are reporting to

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.

Independent Auditor's Report to the Shareholders of Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd) (continued)

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 Group's or the parent 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.

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.

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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Grant Thornton

Independent Auditor's Report to the Shareholders of Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd) (continued)

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

Independent Auditor's Report to the Shareholders of Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd) (continued)

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.

Grant Thornton UK LLP.

Joanne Love (Senior statutory auditor)
for and on behalf of Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor
Manchester
Date: 27 September 2018.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	4	**35,420**	35,612
Cost of sales		**(23,846)**	(23,478)
Gross profit		**11,574**	12,134
Distribution costs		**(434)**	(504)
Administrative expenses		**(3,537)**	(4,169)
Operating profit	5	**7,603**	7,461
Interest receivable and similar income	8	**670**	682
Interest payable and expenses	9	**(26)**	(136)
Profit before taxation		**8,247**	8,007
Tax on profit	10	**(119)**	646
Profit and total comprehensive income for the financial year		**8,128**	8,653
Unrealised (deficit)/surplus on revaluation of tangible fixed assets		**(340)**	-
Other comprehensive income for the year		**(340)**	-
		7,788	8,653

The notes on pages 18 to 37 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2017

	Note		2017 £000		2016 £000
Fixed assets					
Tangible assets	11		**6,085**		6,202
			6,085		6,202
Current assets					
Stocks	13	**3,727**		3,260	
Debtors: amounts falling due within one year	14	**18,761**		19,355	
Cash at bank and in hand	15	**21,586**		13,520	
		44,074		36,135	
Creditors: amounts falling due within one year	16	**(4,759)**		(5,065)	
Net current assets			**39,315**		31,070
Total assets less current liabilities			**45,400**		37,272
Net assets			**45,400**		37,272
Capital and reserves					
Called up share capital	18		**2,186**		2,186
Share premium account	19		**1,324**		1,324
Revaluation reserve	19		**2,021**		2,361
Profit and loss account	19		**39,869**		31,401
			45,400		37,272

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/9/18.

P Morris
Director

Transcontinental Advanced Coatings Holdings UK Ltd. (formerly Coveris Advanced Coatings Holdings (UK) Ltd)
Registered number:6333621

Company Balance Sheet

As at 31 December 2017

	Note		2017 £000		2016 £000
Fixed assets					
Investments	12		**7,542**		7,542
			7,542		7,542
Creditors: amounts falling due within one year	16	**(3,867)**		(3,814)	
Net current liabilities			**(3,867)**		(3,814)
Total assets less current liabilities			**3,675**		3,728
Net assets			**3,675**		3,728
Capital and reserves					
Called up share capital	18		**2,186**		2,186
Share premium account	19		**1,324**		1,324
Profit and loss account	19		**165**		218
			3,675		3,728

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's loss for the year was £53,000 (2016: loss of £51,000).

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

P Morris
Director
Date: 27/9/18

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	2,186	1,324	2,361	31,401	37,272
Comprehensive income for the year					
Profit for the year	-	-	-	8,128	8,128
Annual transfer between reserves	-	-	(340)	340	-
Total comprehensive income for the year	-	-	(340)	8,468	8,128
Total transactions with owners	-	-	-	-	-
At 31 December 2017	2,186	1,324	2,021	39,869	45,400

The notes on pages 18 to 37 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	2,186	1,324	2,701	22,408	28,619
Comprehensive income for the year					
Profit for the year	-	-	-	8,653	8,653
Annual transfer between reserves	-	-	(340)	340	-
Total comprehensive income for the year	-	-	(340)	8,993	8,653
Total transactions with owners	-	-	-	-	-
At 31 December 2016	2,186	1,324	2,361	31,401	37,272

The notes on pages 18 to 37 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	2,186	1,324	218	3,728
Comprehensive income for the year				
Loss for the year	-	-	(53)	(53)
Total comprehensive income for the year	-	-	(53)	(53)
Total transactions with owners	-	-	-	-
At 31 December 2017	2,186	1,324	165	3,675

The notes on pages 18 to 37 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	2,186	1,324	269	3,779
Comprehensive income for the year				
Loss for the year	-	-	(51)	(51)
Total comprehensive income for the year	-	-	(51)	(51)
Total transactions with owners	-	-	-	-
At 31 December 2016	2,186	1,324	218	3,728

The notes on pages 18 to 37 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	**8,128**	8,653
Adjustments for:		
Depreciation of tangible assets	**971**	873
Impairments of fixed assets	**-**	544
Interest paid	**26**	81
Interest received	**(670)**	(626)
Taxation charge	**119**	(646)
(Increase)/decrease in stocks	**(467)**	294
(Increase) in debtors	**(318)**	(479)
(Decrease)/increase in creditors	**(1,627)**	930
Corporation tax received	**891**	129
Net cash generated from operating activities	**7,053**	9,753
Cash flows from investing activities		
Purchase of tangible fixed assets	**(854)**	(784)
Interest received	**670**	626
Net cash from investing activities	**(184)**	(158)
Cash flows from financing activities		
Interest paid	**(26)**	(81)
Net cash used in financing activities	**(26)**	(81)
Net increase in cash and cash equivalents	**6,843**	9,514
Cash and cash equivalents at beginning of year	**13,520**	4,006
Cash and cash equivalents at the end of year	**20,363**	13,520
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**21,586**	13,520
Bank overdrafts	**(1,223)**	-
	20,363	13,520

The notes on pages 18 to 37 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1. General information

The company is a private company limited by shares and is incorporated in England and Wales.

The address of its registered office is Ash Road North, Wrexham Industrial Estate, Wrexham, LL13 9UF.

The principal activity of the company continues to be that of a group holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain items of plant and machinery in accordance with applicable UK accounting standards, including Financial Reporting Standard 102.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to the presentation of financial instruments, remuneration of key management personnel and disclosure of related party transactions with group company's.

2.2 Going concern

The financial statements have been prepared on a going concern basis. The continuation of the company's activities is dependent on its subsidiary undertakings forecast cash flows.

The company's subsidiary's undertaking continues to establish and maintain long term contracts with a number of customers and suppliers across different geographic areas and industries. The company's subsidiary undertakings forecasts and projections have been prepared for 12 months beyond the balance sheet approval date, which take account of possible changes in trading performance due to current economic conditions. As a consequence, the directors believe the group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Turnover comprises revenue recognised by the group in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised when the goods are despatched to the customer.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets

Plant and machinery is held at valuation less depreciation and impairment. Depreciation is provided to write off the valuation of plant and machinery, less their estimated residual value, over 10 years.

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	-	33% Straight line
Plant & machinery	-	10% Straight line
Motor vehicles	-	33% Straight line
Fixtures & fittings	-	10% Straight line
Office equipment	-	20% 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

No depreciation is charged in respect of assets in the course of construction.

There has been no revaluation of tangible fixed assets during the year.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.7 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of

Notes to the Financial Statements

For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.7 Financial instruments (continued)

financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.12 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.15 *Foreign currency translation*

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 Consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 *Pensions*

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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 income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on amounts recognised in the financial statements:

- Revaluation of plant and machinery: Management consider the revaluation model a more appropriate accounting policy for the measurement of plant and machinery. All other tangible fixed assets are held at cost less accumulated depreciation.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

- Tangible fixed assets – tangible fixed assets are depreciated over their useful lives taking into account residual values, where 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, maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Revaluation of plant and machinery - Plant and machinery is carried at fair value with changes in fair value being recognised in the revaluation reserve. The Group engaged independent valuation specialists to determine fair value at 31 December 2013 and the need for further revaluations is assessed annually.

Notes to the Financial Statements

For the Year Ended 31 December 2017

4. Turnover

	2017 £000	2016 £000
Sale of goods	**35,420**	35,612
	35,420	35,612

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	**10,891**	13,373
Rest of the world	**24,529**	22,239
	35,420	35,612

5. Operating profit

The operating profit is stated after charging/ (crediting):

	2017 £000	2016 £000
Auditors' remuneration for the audit of the group financial statements	**76**	40
Exchange differences	**177**	(102)
Operating lease payments		
- plant and machinery	**70**	72
- other operating leases	**280**	277

The current year auditor's remuneration includes £37,000 in respect of non-recurring audit services.

Notes to the Financial Statements

For the Year Ended 31 December 2017

6. Employees

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

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Wages and salaries	**5,568**	5,503	**-**	-
Social security costs	**642**	621	**-**	-
Cost of defined contribution scheme	**477**	450	**-**	-
	6,687	6,574	**-**	-

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

	2017 No.	2016 No.
Production	**118**	116
Development	**13**	13
Selling and distribution	**5**	4
	136	133

The Company has no employees other than the directors, who did not receive any remuneration for their services to the company during the year *(2016 -£NIL)*.

Notes to the Financial Statements

For the Year Ended 31 December 2017

7. Directors' remuneration

During the year retirement benefits were accruing to 2 directors (2016 -2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £110,000 (2016 -£101,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2016 -£12,000).

8. Interest receivable

	2017 £000	2016 £000
Interest receivable from group companies	**649**	660
Other interest receivable	**21**	22
	670	682

9. Interest payable and similar expenses

	2017 £000	2016 £000
Bank interest payable	**26**	136
	26	136

Notes to the Financial Statements

For the Year Ended 31 December 2017

10. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	**45**	-
Adjustments in respect of previous periods	**45**	(656)
	90	(656)
Total current tax	**90**	(656)
Deferred tax		
Origination and reversal of timing differences	**(106)**	(90)
Changes to tax rates	**3**	(7)
Adjustment in respect of prior years	**132**	107
Total deferred tax	**29**	10
Taxation on profit/(loss) on ordinary activities	**119**	(646)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 -lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	**8,247**	8,007
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**1,587**	1,601
Effects of:		
Expenses not deductible for tax purposes	**201**	208
Change in UK tax rate	**3**	(7)
Other differences	**5**	5
Adjustments to tax charge in respect of prior periods	**177**	(549)
Group relief	**(1,854)**	(1,904)
Total tax charge for the year	**119**	(646)

Notes to the Financial Statements

For the Year Ended 31 December 2017

10. Taxation (continued)

Factors that may affect future tax charges

The statutory UK corporation tax rate is currently 18%, effective from 1 April 2018 (reduced from 20% and 19% previously). Note, this rate will be further reduced in future periods to 17% (effective from 1 April 2020 – substantially enacted on 6 September 2016).

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantially enacted, at 31 December 2017. For the year ended 31 December 2017, the above rates have been utilised to calculate the closing deferred taxation balances (giving an effective rate of 18.35%).

Notes to the Financial Statements

For the Year Ended 31 December 2017

11. Tangible fixed assets

Group

	L/Term Leasehold Property £000	Plant & machinery £000	Motor vehicles £000	Office equipment, fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost or valuation						
At 1 January 2017	50	13,346	20	95	371	13,882
Additions	-	-	-	-	854	854
Transfers between classes	-	614	-	15	(629)	-
At 31 December 2017	50	13,960	20	110	596	14,736
Depreciation						
At 1 January 2017	11	7,554	20	95	-	7,680
Charge for the year on owned assets	2	967	-	2	-	971
At 31 December 2017	13	8,521	20	97	-	8,651
Net book value						
At 31 December 2017	37	5,439	-	13	596	6,085
At 31 December 2016	39	5,792	-	-	371	6,202

The plant and machinery was independently revalued as at 31 December 2013 by Ernst & Young LLP. the surplus arising on the revaluation of £3,381,000 was transferred to the revaluation reserve.

Notes to the Financial Statements

For the Year Ended 31 December 2017

12. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	**7,542**
At 31 December 2017	**7,542**
Net book value	
At 31 December 2017	**7,542**
At 31 December 2016	7,542

The company owns 100% of the ordinary share capital of Transcontinental AC UK Ltd. (formerly Coveris Advanced Coatings (North Wales) Ltd.), a company registered in England and Wales. The principal activity of the subsidiary is the production of coating and laminates for use in a number of demanding niche applications.

Notes to the Financial Statements

For the Year Ended 31 December 2017

13. Stocks

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Raw materials and consumables	**1,524**	1,171	-	-
Work in progress (goods to be sold)	**1,077**	1,086	-	-
Finished goods and goods for resale	**1,126**	1,003	-	-
	3,727	3,260	-	-

An impairment loss of £Nil (2016: £70,953) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Stocks of £13,771,000 (2016: £13,412,000) were recognised in cost of sales in the year.

14. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	**6,334**	7,131	-	-
Amounts owed by group undertakings	**11,406**	10,756	-	-
Other debtors	**305**	205	-	-
Prepayments and accrued income	**511**	146	-	-
Tax recoverable	-	883	-	-
Deferred taxation	**205**	234	-	-
	18,761	19,355	-	-

Amounts owed by group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Please see note 23 for details of post year-end waiver of this balance.

An impairment loss of £3,119 (2016: £17,712) was recognised in respect of trade debtors during the year.

Notes to the Financial Statements

For the Year Ended 31 December 2017

15. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Cash at bank and in hand	**21,586**	13,520	**-**	-
Less: bank overdrafts	**(1,223)**	-	**-**	-
	20,363	13,520	**-**	-

Of the total cash balance, £19,374,000 relates to amounts held in the Coveris Group cash pooling facility. Further details of post year-end changes to this facility are provided in note 23.

Notes to the Financial Statements

For the Year Ended 31 December 2017

16. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Bank overdrafts	**1,223**	-	**-**	-
Trade creditors	**1,657**	1,717	**-**	-
Amounts owed to group undertakings	**363**	1,687	**3,771**	3,697
Corporation tax	**46**	-	**-**	-
Other taxation and social security	**167**	429	**-**	-
Other creditors	**105**	55	**-**	-
Accruals and deferred income	**1,198**	1,177	**96**	117
	4,759	5,065	**3,867**	3,814

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

For the Year Ended 31 December 2017

17. Deferred taxation

Group

	2017 £000	2016 £000
At beginning of year	**234**	244
Charged to the profit or loss	**(29)**	(10)
At end of year	**205**	234

	Group 2017 £000	Group 2016 £000	Company 2016 £000
Accelerated capital allowances	**191**	219	-
Provisions and pensions	**14**	15	-
	205	234	-

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

18. Share capital

	2017 £000	2016 £000
Called up and fully paid		
2,186,271 Ordinary Shares shares of £1 each	**2,186**	2,186

19. Reserves

Share premium
The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaulation reserve
The revaluation reserve includes the surplus on the revaluation of properties to fair value.

Profit and loss account
The profit and loss account includes all current and prior period retained profits and losses.

Notes to the Financial Statements

For the Year Ended 31 December 2017

20. Pension commitments

The group contributes to a defined contribution scheme and the assets of the scheme are administered by trustees in funds independent from the group's assets. The pension cost charged to the profit and loss account in the year was £477,000 (2016: £450,000).

21. Commitments under operating lease

At 31 December 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000
Not later than 1 year	**341**	325
Later than 1 year and not later than 5 years	**304**	299
Later than 5 years	**354**	621
	999	1,245

The company has no commitments (2016: Nil).

Notes to the Financial Statements

For the Year Ended 31 December 2017

22. Related party transactions

The company is a wholly owned subsidiary of Coveris S.A. for the full financail year, and has taken advantage of the exemption in FRS102 to not disclose transactions with other wholly owned subsidiary undertakings of Coveris S.A.

No other transactions with related parties were undertaken requiring disclosure under FRS102.

23. Post Balance Sheet Events

On 1 May 2018 Coveris Americas Division, of which this group was a part, was acquired by Transcontinental Inc.

As a result an intercompany loan with Coveris Holdings SA, valued at £11,334k in the balance sheet, was waived along with Cash in the Coveris Cash Pool (shown in the balance sheet as cash) of £19,374k.

24. Controlling Party

As at 31 December 2017, the ultimate parent undertaking was Coveris S.A., registered in Luxembourg. Sun Capital Partners was the company's ultimate controlling party by virtue of its shareholding Coveris S.A.

The smallest group of undertakings for which group accounts have been drawn up is headed by Coveris Advanced Coatings Holdings (UK) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Coveris S.A.

From 1 May 2018, the ultimate controlling parent undertaking is Transcontinental Inc.