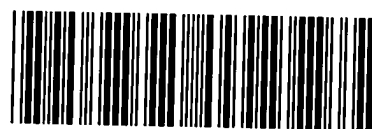


CH

Company Registration No. SC024552 (Scotland)

**GILMOUR & DEAN LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



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COMPANIES HOUSE

# GILMOUR & DEAN LIMITED

## COMPANY INFORMATION

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|                          |                                                                                                               |
|--------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | Gianmario Cillario<br>Giuseppe Cillario<br>Luciano Cillario<br>Giovanni Paolo Di Vita<br>Gian Franco Cillario |
| <b>Secretary</b>         | Lycidas Secretaries Limited                                                                                   |
| <b>Company number</b>    | SC024552                                                                                                      |
| <b>Registered office</b> | Citypoint<br>65 Haymarket Terrace<br>EDINBURGH<br>EH12 5HD                                                    |
| <b>Auditor</b>           | Johnston Carmichael LLP<br>227 West George Street<br>GLASGOW<br>G2 2ND                                        |

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# GILMOUR & DEAN LIMITED

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# GILMOUR & DEAN LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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

### **Fair review of the business**

The period ended December 2017 proved to be another highly successful period in the development of the business.

Sales rose during the period to £16,185k, an increase of 14.7% from the previous year's £14,105k. The continued development and growth of Pressure Sensitive Labels (PSL) was widely welcomed by the customer base which now has a major local presence which can support them in the supply of both their wet glue (WG) and pressure sensitive labelling requirements.

Gross profit is excellent and net profit before tax is at an acceptable level in the current year. Management is very satisfied with the financial performance for the period.

The business continues to build a strong platform for growth and profitability in future years. New customers and products were brought on stream during the year plus existing customers started to move products from WG to the new PSL production process.

All of this growth has enabled the business to recruit new personnel into the company, further strengthening the skills and knowledge base required to meet customer demands.

### **Principal risks and uncertainties**

The industry in which the group operates is exposed to the current economic uncertainty surrounding the United Kingdom's forthcoming exit from the European Union. In addition, the business also acknowledges the risks around exchange rate fluctuations.

The Directors believe that the group is well placed to contend with any challenges which may occur.

### **Development and performance**

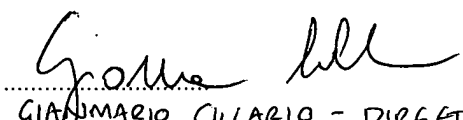
The business continues to invest in new machinery and is in the process of extending its current facility.

The Scotch Whisky Industry continues to see substantial investment at home and growth internationally for its products. This augurs well for the long term development of the business.

### **Key performance indicators**

The group recognises the importance of key financial performance indicators and management monitors these on a monthly basis. The main KPIs of the business are turnover and profitability, both of which have been discussed above.

On behalf of the board

  
.....  
GIANMARIO CILLARIO - DIRECTOR  
.....  
27/6/18.....

# **GILMOUR & DEAN LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

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

#### **Principal activities**

The principal activity of the company is the printing of high quality labels.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Gianmario Cillario  
Giuseppe Cillario  
Luciano Cillario  
Giovanni Paolo Di Vita  
Gian Franco Cillario

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Auditor**

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# GILMOUR & DEAN LIMITED

## DIRECTORS' REPORT (CONTINUED)

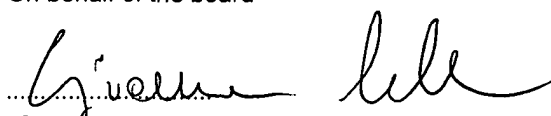
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

  
.....  
GIANMARIO CILLARIO - DIRECTOR  
27/6/18  
.....

# GILMOUR & DEAN LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILMOUR & DEAN LIMITED

---

### Opinion

We have audited the financial statements of Gilmour & Dean Limited (the 'company') for the year ended 31 December 2017 set out on pages 7 to 23. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### 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.

# **GILMOUR & DEAN LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GILMOUR & DEAN LIMITED**

---

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

# GILMOUR & DEAN LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GILMOUR & DEAN LIMITED

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### Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

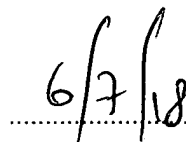
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Gavin Young (Senior Statutory Auditor)**  
for and on behalf of Johnston Carmichael LLP

**Chartered Accountants**  
**Statutory Auditor**



227 West George Street  
GLASGOW  
G2 2ND

# GILMOUR & DEAN LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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|                                                | Notes     | 2017<br>£        | 2016<br>£        |
|------------------------------------------------|-----------|------------------|------------------|
| Turnover                                       | 3         | 16,185,421       | 14,105,030       |
| Cost of sales                                  |           | (13,072,890)     | (11,083,023)     |
| <b>Gross profit</b>                            |           | <b>3,112,531</b> | <b>3,022,007</b> |
| Administrative expenses                        |           | (2,371,818)      | (2,889,480)      |
| Other operating income                         |           | 136,000          | 186,172          |
| <b>Operating profit</b>                        | <b>4</b>  | <b>876,713</b>   | <b>318,699</b>   |
| Interest payable and similar expenses          | 7         | (123,615)        | (147,385)        |
| <b>Profit before taxation</b>                  |           | <b>753,098</b>   | <b>171,314</b>   |
| Taxation                                       | 8         | (133,796)        | (22,245)         |
| <b>Profit for the financial year</b>           | <b>21</b> | <b>619,302</b>   | <b>149,069</b>   |
| <b>Total comprehensive income for the year</b> |           | <b>619,302</b>   | <b>149,069</b>   |

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

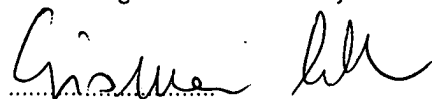
# GILMOUR & DEAN LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

|                                                                | Notes | 2017<br>£          | £ | 2016<br>£          | £ |
|----------------------------------------------------------------|-------|--------------------|---|--------------------|---|
| <b>Fixed assets</b>                                            |       |                    |   |                    |   |
| Tangible assets                                                | 9     | 6,314,778          |   | 5,549,591          |   |
| <b>Current assets</b>                                          |       |                    |   |                    |   |
| Stocks                                                         | 10    | 2,425,933          |   | 2,284,547          |   |
| Debtors                                                        | 11    | 5,584,195          |   | 3,960,802          |   |
| Cash at bank and in hand                                       |       | 330,072            |   | 37,461             |   |
|                                                                |       | <u>8,340,200</u>   |   | <u>6,282,810</u>   |   |
| <b>Creditors: amounts falling due within one year</b>          | 12    | <u>(6,193,135)</u> |   | <u>(5,937,005)</u> |   |
| <b>Net current assets</b>                                      |       | <u>2,147,065</u>   |   | <u>345,805</u>     |   |
| <b>Total assets less current liabilities</b>                   |       | <u>8,461,843</u>   |   | <u>5,895,396</u>   |   |
| <b>Creditors: amounts falling due after more than one year</b> | 13    | (4,972,715)        |   | (3,019,677)        |   |
| <b>Provisions for liabilities</b>                              | 16    | (437,007)          |   | (307,900)          |   |
| <b>Deferred income</b>                                         | 18    | (22,500)           |   | (157,500)          |   |
| <b>Net assets</b>                                              |       | <u>3,029,621</u>   |   | <u>2,410,319</u>   |   |
| <b>Capital and reserves</b>                                    |       |                    |   |                    |   |
| Called up share capital                                        | 20    | 100,000            |   | 100,000            |   |
| Profit and loss reserves                                       | 21    | 2,929,621          |   | 2,310,319          |   |
| <b>Total equity</b>                                            |       | <u>3,029,621</u>   |   | <u>2,410,319</u>   |   |

The financial statements were approved by the board of directors and authorised for issue on 27/6/18 and are signed on its behalf by:

  
 GIANMARIO CILLARIO  
 Director

Company Registration No. SC024552

# GILMOUR & DEAN LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

---

|                                                    | Share<br>capital<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£       |
|----------------------------------------------------|-----------------------|-------------------------------------|------------------|
| Balance at 1 January 2016                          | 100,000               | 2,161,250                           | 2,261,250        |
| Year ended 31 December 2016:                       |                       |                                     |                  |
| Profit and total comprehensive income for the year | -                     | 149,069                             | 149,069          |
|                                                    | <hr/>                 | <hr/>                               | <hr/>            |
| Balance at 31 December 2016                        | 100,000               | 2,310,319                           | 2,410,319        |
| Year ended 31 December 2017:                       |                       |                                     |                  |
| Profit and total comprehensive income for the year | -                     | 619,302                             | 619,302          |
|                                                    | <hr/>                 | <hr/>                               | <hr/>            |
| Balance at 31 December 2017                        | <u>100,000</u>        | <u>2,929,621</u>                    | <u>3,029,621</u> |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

#### Company information

Gilmour & Dean Limited is a limited company domiciled and incorporated in Scotland. The registered office is Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Unicorn Graphics Limited. These consolidated financial statements are available from its registered office, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|                     |               |
|---------------------|---------------|
| Plant and machinery | 4 to 12 years |
| Motor vehicles      | 4 years       |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work in progress is valued at the lower of cost and net realisable value, and includes direct expenditure and an appropriate proportion of fixed and variable overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.10 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Stock valuation (2017: £2,425,933 (2016: £2,284,547))**

Stock is valued by deducting margins earned from selling prices. Judgement is applied to elements of excess stock, and whether these items retain value. Excess stock older than one year is fully written off, whilst excess stock less than one year old is written down by 75%.

Finished goods stock which is older than one year is written off with the loss recognised in the profit and loss account. Items may be excluded from write off if the directors believe that there is reasonable certainty that the item will be sold.

#### **Useful lives of tangible assets (2017: £6,314,778 (2016: £5,549,591))**

The estimated useful lives of assets are outlined in note 1.4, and are based on historical experience and the periods over which management believe that future economic benefits will be derived.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

|                                                 | 2017<br>£         | 2016<br>£         |
|-------------------------------------------------|-------------------|-------------------|
| <b>Turnover</b>                                 |                   |                   |
| Sale of goods                                   | 16,185,421        | 14,105,030        |
|                                                 | <u>          </u> | <u>          </u> |
| <b>Other significant revenue</b>                |                   |                   |
| Grants received                                 | 136,000           | 186,172           |
|                                                 | <u>          </u> | <u>          </u> |
| <b>Turnover analysed by geographical market</b> |                   |                   |
|                                                 | 2017<br>£         | 2016<br>£         |
| United Kingdom                                  | 13,525,940        | 12,000,647        |
| EU                                              | 2,656,030         | 2,104,383         |
| USA                                             | 3,451             | -                 |
|                                                 | <u>16,185,421</u> | <u>14,105,030</u> |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 4 Operating profit

|                                                                                           | 2017<br>£         | 2016<br>£         |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting):                       |                   |                   |
| Exchange losses                                                                           | 153,758           | 490,307           |
| Government grants                                                                         | (136,000)         | (186,172)         |
| Fees payable to the company's auditor for the audit of the company's financial statements | 11,350            | 11,350            |
| Depreciation of owned tangible fixed assets                                               | 775,553           | 821,325           |
| Depreciation of tangible fixed assets held under finance leases                           | 28,795            | 41,672            |
| Profit on disposal of tangible fixed assets                                               | (84,222)          | (11,095)          |
| Cost of stocks recognised as an expense                                                   | 7,071,096         | 5,896,810         |
| Impairment of stocks recognised or reversed                                               | 373,414           | 247,476           |
| Operating lease charges                                                                   | 143,583           | 103,885           |
|                                                                                           | <u>          </u> | <u>          </u> |

### 5 Employees

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

|                            | 2017<br>Number    | 2016<br>Number    |
|----------------------------|-------------------|-------------------|
| Direct factory staff       | 100               | 92                |
| Other administrative staff | 26                | 24                |
|                            | <u>          </u> | <u>          </u> |
|                            | 126               | 116               |
|                            | <u>          </u> | <u>          </u> |

Their aggregate remuneration comprised:

|                       | 2017<br>£         | 2016<br>£         |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 4,237,134         | 3,955,905         |
| Social security costs | 401,406           | 322,244           |
| Pension costs         | 83,294            | 64,603            |
|                       | <u>          </u> | <u>          </u> |
|                       | 4,721,834         | 4,342,752         |
|                       | <u>          </u> | <u>          </u> |

### 6 Directors' remuneration

|                                                               | 2017<br>£         | 2016<br>£         |
|---------------------------------------------------------------|-------------------|-------------------|
| Remuneration for qualifying services                          | 286,382           | 153,846           |
| Company pension contributions to defined contribution schemes | 8,077             | 6,154             |
|                                                               | <u>          </u> | <u>          </u> |
|                                                               | 294,459           | 160,000           |
|                                                               | <u>          </u> | <u>          </u> |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Interest payable and similar expenses

|                                                        | 2017           | 2016           |
|--------------------------------------------------------|----------------|----------------|
|                                                        | £              | £              |
| Interest on bank overdrafts and loans                  | 110,080        | 117,662        |
| Interest on finance leases and hire purchase contracts | 2,910          | 8,795          |
| Interest payable to group undertakings                 | 10,625         | 20,928         |
|                                                        | <u>123,615</u> | <u>147,385</u> |

### 8 Taxation

|                                                      | 2017           | 2016          |
|------------------------------------------------------|----------------|---------------|
|                                                      | £              | £             |
| <b>Current tax</b>                                   |                |               |
| UK corporation tax on profits for the current period | 4,689          | -             |
|                                                      | <u>4,689</u>   | <u>-</u>      |
| <b>Deferred tax</b>                                  |                |               |
| Origination and reversal of timing differences       | 127,627        | 38,115        |
| Changes in tax rates                                 | -              | (15,870)      |
| Adjustment in respect of prior periods               | 1,480          | -             |
|                                                      | <u>129,107</u> | <u>22,245</u> |
| Total deferred tax                                   | 129,107        | 22,245        |
|                                                      | <u>129,107</u> | <u>22,245</u> |
| Total tax charge                                     | <u>133,796</u> | <u>22,245</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|                                                                                                      | 2017           | 2016           |
|------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                      | £              | £              |
| Profit before taxation                                                                               | <u>753,098</u> | <u>171,314</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | 144,971        | 34,263         |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 10,971         | 10,578         |
| Adjustments in respect of prior years                                                                | 1,480          | -              |
| Group relief                                                                                         | (7,226)        | -              |
| Adjustment to deferred tax in respect of changes to tax rates                                        | (16,892)       | (22,596)       |
| Fixed asset differences                                                                              | 492            | -              |
|                                                                                                      | <u>133,796</u> | <u>22,245</u>  |
| Taxation charge for the year                                                                         | <u>133,796</u> | <u>22,245</u>  |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 9 Tangible fixed assets

|                                    | Plant and Motor vehicles<br>machinery |          | Total      |
|------------------------------------|---------------------------------------|----------|------------|
|                                    | £                                     | £        | £          |
| <b>Cost</b>                        |                                       |          |            |
| At 1 January 2017                  | 9,413,204                             | 31,715   | 9,444,919  |
| Additions                          | 1,679,167                             | 10,574   | 1,689,741  |
| Disposals                          | (403,972)                             | (25,875) | (429,847)  |
| At 31 December 2017                | 10,688,399                            | 16,414   | 10,704,813 |
| <b>Depreciation and impairment</b> |                                       |          |            |
| At 1 January 2017                  | 3,880,305                             | 15,023   | 3,895,328  |
| Depreciation charged in the year   | 799,624                               | 4,724    | 804,348    |
| Eliminated in respect of disposals | (306,308)                             | (3,333)  | (309,641)  |
| At 31 December 2017                | 4,373,621                             | 16,414   | 4,390,035  |
| <b>Carrying amount</b>             |                                       |          |            |
| At 31 December 2017                | 6,314,778                             | -        | 6,314,778  |
| At 31 December 2016                | 5,532,899                             | 16,692   | 5,549,591  |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|                                                              | 2017<br>£ | 2016<br>£ |
|--------------------------------------------------------------|-----------|-----------|
| Plant and machinery                                          | 183,835   | 300,309   |
| Depreciation charge for the year in respect of leased assets | 28,795    | 41,672    |

### 10 Stocks

|                                     | 2017<br>£ | 2016<br>£ |
|-------------------------------------|-----------|-----------|
| Raw materials and consumables       | 624,969   | 474,760   |
| Work in progress                    | 357,288   | 313,637   |
| Finished goods and goods for resale | 1,443,676 | 1,496,150 |
|                                     | 2,425,933 | 2,284,547 |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 11 Debtors

|                                             | 2017<br>£        | 2016<br>£        |
|---------------------------------------------|------------------|------------------|
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade debtors                               | 1,794,950        | 1,889,674        |
| Amounts due from group undertakings         | 3,242,645        | 1,630,604        |
| Other debtors                               | 1,254            | 15,193           |
| Prepayments and accrued income              | 545,346          | 425,331          |
|                                             | <u>5,584,195</u> | <u>3,960,802</u> |

Amounts due from group undertakings are repayable on demand. The directors of Gilmour & Dean Limited have confirmed that they will not seek repayment of the amount due for at least twelve months from the date of signing the financial statements.

### 12 Creditors: amounts falling due within one year

|                                    | Notes | 2017<br>£        | 2016<br>£        |
|------------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts          | 14    | 2,273,033        | 2,410,207        |
| Obligations under finance leases   | 15    | 34,515           | 81,886           |
| Other borrowings                   | 14    | 364,321          | 342,415          |
| Trade creditors                    |       | 2,583,134        | 1,809,749        |
| Corporation tax                    |       | 4,689            | -                |
| Other taxation and social security |       | 289,036          | 500,374          |
| Other creditors                    |       | 1,971            | 2,326            |
| Accruals and deferred income       |       | 642,436          | 790,048          |
|                                    |       | <u>6,193,135</u> | <u>5,937,005</u> |

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

### 13 Creditors: amounts falling due after more than one year

|                                  | Notes | 2017<br>£        | 2016<br>£        |
|----------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts        | 14    | 4,972,715        | 2,785,163        |
| Obligations under finance leases | 15    | -                | 34,514           |
| Other borrowings                 | 14    | -                | 200,000          |
|                                  |       | <u>4,972,715</u> | <u>3,019,677</u> |

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

Amounts included above which fall due after five years are as follows:

|                        |                |                |
|------------------------|----------------|----------------|
| Payable by instalments | <u>900,000</u> | <u>102,792</u> |
|------------------------|----------------|----------------|

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Loans and overdrafts

|                               | 2017<br>£        | 2016<br>£        |
|-------------------------------|------------------|------------------|
| Bank loans                    | 6,168,034        | 3,342,393        |
| Bank overdrafts               | 1,077,714        | 1,852,977        |
| Loans from group undertakings | 364,321          | 542,415          |
|                               | <u>7,610,069</u> | <u>5,737,785</u> |
| Payable within one year       | 2,637,354        | 2,752,622        |
| Payable after one year        | <u>4,972,715</u> | <u>2,985,163</u> |

The long-term loans are secured by a bond and floating charge over the assets of the company and those of its immediate parent undertaking.

Bank loans are repayable over 5 to 10 years and are charged at a market rate of interest.

Loans from fellow group undertakings are charged at a market rate of interest.

### 15 Finance lease obligations

|                                                         | 2017<br>£     | 2016<br>£      |
|---------------------------------------------------------|---------------|----------------|
| Future minimum lease payments due under finance leases: |               |                |
| Within one year                                         | 34,515        | 81,886         |
| In two to five years                                    | -             | 34,514         |
|                                                         | <u>34,515</u> | <u>116,400</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 16 Provisions for liabilities

|                          | Notes | 2017<br>£      | 2016<br>£      |
|--------------------------|-------|----------------|----------------|
| Deferred tax liabilities | 17    | 437,007        | 307,900        |
|                          |       | <u>437,007</u> | <u>307,900</u> |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

|                               | <b>Liabilities<br/>2017<br/>£</b> | <b>Liabilities<br/>2016<br/>£</b> |
|-------------------------------|-----------------------------------|-----------------------------------|
| <b>Balances:</b>              |                                   |                                   |
| Accelerated capital allowance | 439,215                           | 388,830                           |
| Tax losses                    | -                                 | (78,722)                          |
| Other timing differences      | (2,208)                           | (2,208)                           |
|                               | <u>437,007</u>                    | <u>307,900</u>                    |
| <b>Movements in the year:</b> |                                   | <b>2017<br/>£</b>                 |
| Liability at 1 January 2017   |                                   | 307,900                           |
| Charge to profit or loss      |                                   | 129,107                           |
| Liability at 31 December 2017 |                                   | <u>437,007</u>                    |

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

### 18 Government grants

|                                | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Arising from government grants | 22,500            | 157,500           |
|                                | <u>22,500</u>     | <u>157,500</u>    |

### 19 Retirement benefit schemes

|                                                                     | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>Defined contribution schemes</b>                                 |                   |                   |
| Charge to profit or loss in respect of defined contribution schemes | <u>83,294</u>     | <u>64,603</u>     |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Creditors totalling £13,000 (2016: £12,000) were payable to the fund at the year end and included in creditors.

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Share capital

|                                                         | 2017<br>£ | 2016<br>£ |
|---------------------------------------------------------|-----------|-----------|
| <b>Ordinary share capital<br/>Issued and fully paid</b> |           |           |
| 100,000 Ordinary shares of £1 each                      | 100,000   | 100,000   |

### 21 Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income.

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2017<br>£      | 2016<br>£     |
|----------------------------|----------------|---------------|
| Within one year            | 71,416         | 28,537        |
| Between two and five years | 100,101        | 25,365        |
|                            | <u>171,517</u> | <u>53,902</u> |

### 23 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

|                                                                                | <b>Sale of goods</b>      |                 | <b>Purchase of goods</b>       |                  |
|--------------------------------------------------------------------------------|---------------------------|-----------------|--------------------------------|------------------|
|                                                                                | 2017<br>£                 | 2016<br>£       | 2017<br>£                      | 2016<br>£        |
| Entities with control, joint control or significant influence over the company | <u>39,115</u>             | <u>27,044</u>   | <u>(798,458)</u>               | <u>(748,434)</u> |
|                                                                                |                           |                 |                                |                  |
|                                                                                | <b>Management charges</b> |                 | <b>Interest on group loans</b> |                  |
|                                                                                | 2017<br>£                 | 2016<br>£       | 2017<br>£                      | 2016<br>£        |
| Entities with control, joint control or significant influence over the company | <u>-</u>                  | <u>(30,000)</u> | <u>(10,625)</u>                | <u>(20,928)</u>  |

# GILMOUR & DEAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 23 Related party transactions

(Continued)

In addition to the above, the company incurred fees of £31,329 (2016: £21,898) in relation to fees in respect of a guarantee from an entity with control over the company.

During the year, the company paid £19,234 to an entity with control over the company on behalf of Eurostampa UK Limited.

The following amounts were outstanding at the reporting end date:

|                                                                                | Amounts owed to related parties |                |
|--------------------------------------------------------------------------------|---------------------------------|----------------|
|                                                                                | 2017<br>£                       | 2016<br>£      |
| Entities with control, joint control or significant influence over the company | 364,321                         | 542,415        |
|                                                                                | <u>364,321</u>                  | <u>542,415</u> |

The company has taken advantage of the exemption within FRS 102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned companies in the same group.

### 24 Controlling party

The immediate parent undertaking is Unicorn Graphics Limited, a company registered in Scotland and of the same address as Gilmour & Dean Limited.

The ultimate parent undertaking at the balance sheet date was Eurostampa S.p.A., a company registered in Italy.

Eurostampa S.p.A. is the largest group and Unicorn Graphics Limited is the smallest group for which group accounts are prepared. Copies of the group accounts can be obtained by writing to the registered office.