
SIGNODE INDUSTRIAL GROUP

SPG Packaging UK Ltd

Report and Financial Statements

Year Ended 31 December 2016

Company Number 07405243



SPG Packaging UK Ltd

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Directors

Mr. K Green

Mr. HR Kaiser (resigned October 13th, 2016)

Mr. N Stenger

Mr. L. Bangman (appointed October 13th, 2016)

Secretary and registered office

Unit 51, Empire Industrial Park, Brickyard Road, Aldridge, Walsall, WS9 8XT

Company number

07405243

SPG Packaging UK Ltd

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006. The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

Following the transfer of these businesses, the principal activity of the company is that of a supplier of end-of-line packaging machinery software sales, maintenance and servicing, the manufacture of paper edgeboard protection and the sales of end of line packaging systems, including consumable plastic and steel strap, stretch-film, staples/fasteners, tools, strapping machines, parts, service and other ancillary packing products.

KEY PERFORMANCE INDICATORS

The directors measure the performance of the company by using Key Performance Indicators with regard to gross profit percentage and overhead costs, thereby ensuring that operating profit is maximised.

Key performance indicator	2016	2015
Gross profit percentage	22%	24%
Operating profit/(loss) percentage	3%	2%

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The directors consider the state of affairs of the company at the balance sheet date to be satisfactory.

In 2015 the company acquired a UK customer portfolio from affiliated companies in Ireland and Germany in order to expand the business.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 7 and shows a profit after tax for the year £443,302 (2015 - £352,425).

PRINCIPAL RISKS AND UNCERTAINTIES

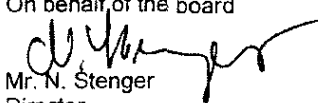
The company operates in highly competitive markets which are a continuing risk to the company and could result in it losing key customers to competitors.

FINANCIAL RISK MANAGEMENT POLICIES

The directors are very aware of the need to review all aspects of risk (and annually carry out a very detailed internal risk assessment analysis on all aspects of the business), which are likely to affect the financial stability of the company, whether it be from either the sales or the cost side of the business.

Given that UK or global recession is still a potential risk, management of SPG Packaging UK Ltd feels that it is vitally important to continue with the need to assess operating procedures and processes of the company.

On behalf of the board


Mr. N. Stenger
Director

Date: June 8, 2017

SPG Packaging UK Ltd

The directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS

The directors of the company during the year were:

Mr. K Green

Mr. HR Kaiser (resigned October 13th, 2016)

Mr. N Stenger

Mr. L. Bangman (appointed October 13th, 2016)

GOING CONCERN

The company has substantial net assets as set out in the balance sheet on page 7. It has sufficient resources to meet any reasonably foreseeable obligation.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, despite the current uncertain economic outlook. Thus, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

DIVIDENDS

The profit and loss account is set out on page 6 and shows the profit for the year.

The profit after tax for the year was £443,302 (2015 - £352,425).

The directors do not recommend the payment of a dividend (2015 - £nil).

DIRECTORS' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

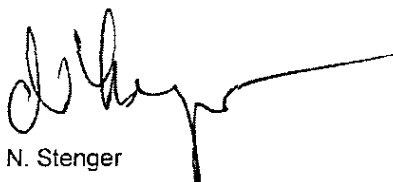
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

SPG Packaging UK Ltd

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The member has not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

By order of the board

A handwritten signature in black ink, appearing to be 'N. Stenger', with a long horizontal flourish extending to the right.

N. Stenger

Director

Date: June 8, 2017

SPG Packaging UK Ltd

PROFIT & LOSS ACCOUNT

	Note	2016 £ 000	2015 £ 000
Turnover	1,2	24,870	24,544
Cost of sales		<u>19,503</u>	<u>18,773</u>
Gross profit		5,367	5,771
 Selling and administrative expenses		3,141	3,187
Other operating expenses		1,456	2,101
 Operating profit	3	<u>769</u>	<u>483</u>
 Interest receivable and similar income		0	3
Interest payable and similar charges		(11)	(14)
 Profit on ordinary activities before taxation		<u>758</u>	<u>472</u>
 Tax on profit on ordinary activities	6	314	120
 Profit for the financial year		<u><u>443</u></u>	<u><u>352</u></u>

All amounts relate to continuing activities.

All recognized gains and losses in the current and prior year are included in the profit and loss account.

SPG Packaging UK Ltd

BALANCE SHEET

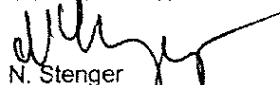
	Note	December 31, 2016		December 31, 2015	
		£ 000	£ 000	£ 000	£ 000
Assets					
Fixed assets					
Intangible fixed assets	7		3,951		4,490
Tangible fixed assets	8		314		390
			4,265		4,880
Current assets					
Stocks	9	1,457		1,560	
Debtors	10	6,084		6,266	
Cash at bank and in hand		202		910	
			7,743		8,736
Payables to affiliated companies falling due after 1 year			0		0
Creditors falling due within one year	11		(5,673)		(7,725)
Provisions for liabilities and charges			0		0
Net assets/(liabilities)			6,335		5,891
Capital and reserves	12				
Paid in capital			5,147		5,147
Retained Earnings			744		392
Profit and loss account			443		352
Shareholders' funds			6,335		5,891

The notes on pages 9 to 17 form part of these financial statements.

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The member has not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the board of directors and authorized for issue on June 8, 2017.


N. Stenger
Director

SPG Packaging UK Ltd

1. ACCOUNTING POLICIES

These 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 financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 13 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Signode Industrial Group Lux S.A., Strassen/Luxembourg, and the company is included in consolidated financial statements.

Intangible assets

Goodwill is measured at cost less accumulated amortization and any accumulated impairment losses. Goodwill arising on an acquisition of trade and assets is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalized and amortised through the profit and loss account over 10 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for Investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	Over the term of the lease
Machinery and equipment	Between 10% and 33% per annum
Other fixed assets	Between 20% and 33% per annum

Stocks

Stocks are valued at the lower of cost and net realizable value. Cost is based on the cost of purchase on a first in, first out basis. Net realizable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Debtors

Short term debtors are measured at transaction price, less any impairment.

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Creditors

Short term trade 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 amortized cost using the effective interest method.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Leased assets

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term even if payments are not made on such a basis.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Taxation

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

Deferred tax is recognized in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognized to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

A deferred tax liability or asset is recognized for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognized in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognized.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Pension costs

The costs of contributions are written off against profits in the year they are payable.

SPG Packaging UK Ltd

Going concern

The company has substantial net assets as set out in the balance sheet on page 8. It has sufficient resources to meet any reasonably foreseeable obligation.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, despite the current uncertain economic outlook. Thus, the directors continue to adopt the going concern basis in preparing the annual report and financial.

2. TURNOVER

	2016 £ 000	2015 £ 000
United Kingdom	20,506	21,003
Rest of Europe	3,814	3,245
Other	550	296
	<u>24,870</u>	<u>24,544</u>

Turnover is wholly attributable to the principal activity of the company.

3. OPERATING PROFIT

This is arrived after charging:

	2016 £ 000	2015 £ 000
Depreciation and other amounts written off intangible assets	539	539
Depreciation and other amounts written off tangible assets	188	194
Net foreign exchange loss	(457)	44

4. EMPLOYEES

	2016 £ 000	2015 £ 000
Wages and salaries	4,220	4,247
Other pension costs	317	311
Social welfare costs	205	192
	<u>4,743</u>	<u>4,750</u>

The average number of employees (including directors) during the year was 88 (2015 - 90).

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £ 317,462. Contributions totaling £ 25,112 were payable to the fund at the year-end and are included in creditors.

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5. DIRECTORS' REMUNERATION

	2016 £ 000	2015 £ 000
Directors' emoluments	89	91
Company contributions to pension scheme	<u>9</u>	<u>9</u>

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2016 £ 000	2015 £ 000
<i>UK Corporation tax</i>		
Current tax on profits for the year	199	205
Adjustment in respect of previous periods	<u>22</u>	<u>0</u>
Total current charge	221	205
<i>Deferred tax</i>		
Origination and reversal of timing differences	93	(85)
changes in current rates	9	0
Adjustment in respect of previous periods	<u>(9)</u>	<u>0</u>
Tax on profit on ordinary activities	<u>314</u>	<u>120</u>

The tax assessed for the year is lower than/ higher than the standard rate of corporation tax in the UK applied to the profit/ (loss) before tax. The differences are explained below:

	£ 000	£ 000
Profit on ordinary activities before taxation	758	472
Profit on ordinary activities multiplied by standard rate of 20% (2015 - 20.25%)	152	96
Effects of:		
Expenses not deductible for tax purposes	214	1
Fixed asset differences	2	8
Adjustments regarding to tax rate changes	(6)	
Adjustment to tax charge in respect of previous periods	13	42
Deferred tax not recognized	(60)	(27)
Current tax charge for the year (see note above)	<u>314</u>	<u>120</u>

Under Finance (No. 2) Act reductions in the UK corporation tax rate to 19% with effect from 1 April 2017, and 17% with effect from 1 April 2020, have been enacted for purposes of US GAAP, UK GAAP and IFRS.

Deferred tax assets and liabilities on all timing differences have been calculated as at 17% on the balance sheet date.

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7. INTANGIBLE ASSETS

<i>Cost or valuation</i>	
At December 31, 2015	5,410
Additions	<u>0</u>
At December 31, 2016	<u>5,410</u>
<i>Amortization</i>	
At December 31, 2015	921
Provided for the year	<u>539</u>
At December 31, 2016	<u>1,460</u>
Book value at December 31, 2016	<u>3,951</u>
Book value at December 31, 2015	<u>4,490</u>

Purchased goodwill has arisen from the acquisition of the U.K customers from affiliated companies.

8. TANGIBLE ASSETS

	Leasehold property £ 000	Machinery and equip- ment £ 000	Other £ 000	Total £ 000
<i>Cost or valuation</i>				
At December 31, 2015	114	419	271	804
Adjustments to opening balance	0	18	(6)	12
Additions	0	89	54	143
Disposals	<u>0</u>	<u>(28)</u>	<u>0</u>	<u>(28)</u>
At December 31, 2016	<u>114</u>	<u>498</u>	<u>319</u>	<u>930</u>
<i>Depreciation</i>				
At December 31, 2015	43	207	164	414
Adjustments to opening balance	0	18	9	27
Provided for the year	22	92	73	188
Disposals	<u>0</u>	<u>(13)</u>	<u>0</u>	<u>(13)</u>
At December 31, 2016	<u>65</u>	<u>305</u>	<u>247</u>	<u>617</u>
<i>Net book value</i>				
At December 31, 2016	<u>49</u>	<u>193</u>	<u>72</u>	<u>314</u>
At December 31, 2015	<u>71</u>	<u>212</u>	<u>107</u>	<u>390</u>

SPG Packaging UK Ltd

9. STOCKS

	2016 £ 000	2015 £ 000
Raw materials	55	109
Finished goods and goods for resale	1,402	1,451
	<u>1,457</u>	<u>1,560</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

10. DEBTORS

	2016 £ 000	2015 £ 000
Trade receivables	5,310	5,106
Receivables from affiliated companies	242	473
Prepayments and short term assets	460	525
Deferred tax	71	161
	<u>6,084</u>	<u>6,266</u>

All amounts shown under debtors fall due for payment within one year.

The elements of the deferred tax asset are:

	2016		2015	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Fixed asset timing differences	4	0	96	0
Short term timing differences	17	0	25	0
Tax losses	50	147	40	235
	<u>71</u>	<u>147</u>	<u>161</u>	<u>235</u>

A deferred tax asset of £147,063 (2015: £234,776) has not been recognized as this can only be deducted against future suitable taxable profits. There is currently insufficient evidence that suitable taxable profits will be generated to offset the future reversal of these timing differences and therefore no asset has been recognized.

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11. CREDITORS

	2016 £ 000	2015 £ 000
Bankers overdraft	1,626	377
Trade creditor	856	867
Amounts owed to group undertakings	1,415	4,768
Taxation and social security	713	226
Accruals and deferred income	1,062	1,487
	<u>5,673</u>	<u>7,725</u>

12. SHAREHOLDERS' EQUITY

	Paid-in capital £ 000	Other reserves £ 000	Total £ 000
Balance January 1, 2015	5,147	392	5,539
Net result for the year	0	352	352
Balance December 31, 2015	<u>5,147</u>	<u>744</u>	<u>5,891</u>
Balance January 1, 2016	5,147	744	5,891
Net result for the year	0	443	443
Balance December 31, 2016	<u>5,147</u>	<u>1,187</u>	<u>6,335</u>

The company issued 2 ordinary shares of £ 1

13. COMMITMENTS UNDER OPERATING LEASES

The company had annual commitments under non-cancellable operating leases as set out below:

	2016 £ 000	2015 £ 000
Within 1 year	368	318
Between 2 and 5 years	694	348
After more than 5 years	24	24
	<u>1,068</u>	<u>690</u>

14. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP

The company's ultimate parent company for the year ended 31 December 2016 was The Carlyle Group having its legal seat in Washington USA. The immediate parent undertaking of the company is Strapex Holdings Ltd, a company incorporated in the UK.

The group in which the results of SPG Packaging UK Ltd are consolidated is that headed by Signode Industrial Group (Bermuda) Limited and Signode Industrial Group Lux S.A.

SPG Packaging UK Ltd

15. EXEMPTION FROM AUDIT

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.