

Registered number: 05854519

BP Media Limited

Annual Report and Financial Statements

For the Year Ended 30 September 2019

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BP Media Limited

Company Information

Directors	K Sohl J Ward A Darrington N Wilkinson K Maxwell (appointed 28 November 2019) J White (resigned 21 December 2018)
Registered number	05854519
Registered office	Millennium Way West Phoenix Centre Nottingham NG8 6AW
Independent auditor	Ernst & Young LLP No. 1 Colmore Square Birmingham B4 6HQ

BP Media Limited

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BP Media Limited

Strategic Report For the Year Ended 30 September 2019

The directors present the strategic report and financial statements for the year ended 30 September 2019.

Business review

The Company made a profit after tax for the year of £373,992 (2018 - £1,171,942).

The Directors consider the results to be satisfactory in the continued climate of decline within the Printed Media sector and whilst they have not delivered the expected budget, they have delivered a profitable year.

The year on year reduction in Turnover and Profitability is largely due to release delays from late in the year, into the next year, of a significant title within the portfolio.

The current expectation for 2020, is mid-single digit growth in revenue and profitability as the business expands into new markets in the later part of the year.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to future increases in raw material costs, competition from both large companies and local and regional producers, downturn in the target markets that we serve, loss of key personnel and future government regulations affecting the packaging industry.

From the perspective of the Company, the financial risk management objectives and policies and the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk are integrated with those of the WestRock Company Group and are not reviewed separately. Accordingly, the financial risk management objectives and policies of WestRock Company Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Brexit

The UK formally left the European Union effective January 31st 2020. MPS's management team continues to closely monitor developments associated with 'Brexit' through the transition period for any potential impact this may have on the business. MPS is maintaining the internal Brexit committee set up last year, with access to MPS business leaders and external consultants, to ensure that we are up-to-date with all of the latest developments. This approach will continue to allow us to prepare action plans in an effective and efficient manner, specifically in relation to supply chain and inventory management as well as cross border trade. We will continue to manage any potential business challenges that may arise and ensure minimal impact to the ongoing performance of the business and its ability to support our customers and trading partners. Based on the current position, MPS remains confident that Brexit will not have a material impact on our business or our ability to continue to support our customers with the high standards of service that we strive to deliver.

BP Media Limited

Strategic Report (continued)
For the Year Ended 30 September 2019

Key performance indicators

	2019	2018
	£	£
Turnover	9,818,727	11,592,722
Operating profit	288,224	951,626
Retained profit for the financial year	373,992	1,171,942

The Directors consider the results to be satisfactory in the continued climate of decline within the Printed Media sector and whilst they have not delivered the expected budget, they have delivered a profitable year.

The year on year reduction in Turnover and Profitability is largely due to release delays from late in the year, into the next year, of a significant title within the portfolio.

The current expectation for 2020, is mid-single digit growth in revenue and profitability as the business expands into new markets in the later part of the year.

This report was approved by the board on 29 September 2020 and signed on its behalf.



A Darrington
Director

BP Media Limited

Directors' Report For the Year Ended 30 September 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

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 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company was that of design and print management agency to the entertainments industry.

Dividends

The directors do not recommended the payment of a dividend on ordinary shares (2018 - £nil).

BP Media Limited

Directors' Report (continued) For the Year Ended 30 September 2019

Directors

The directors who served during the year were:

J White (resigned 21 December 2018)
K Sohl
J Ward
A Darrington
N Wilkinson

Future developments

The Company will continue to operate as a trading company for the foreseeable future.

Going concern

The company's business activities together with the factors likely to impact its future development, performance and position are set out in the Strategic Report. The company has net liabilities and during the year, the Company was financed through borrowings from related parties. The Company has well established relationships with customers and suppliers. The Directors are also of the view that COVID-19 does not impact the Company's ability to continue as a going concern. As a consequence, the directors believe that the Company is a going concern and is well placed to manage its business risk successfully.

Although the Company has net current liabilities, it has the financial support of a parent company, WRKCo Inc, which has sufficient cash and liquidity to fund the operations if necessary and a letter of support has been provided indicating that it will continue to support the business for at least 12 months from the date of approval of these financial statements.

WRKCo Inc has prepared a cash flow forecast for the period through 30 September 2021 and has considered both severe but plausible downside scenarios together with a reverse stress test, noting any controllable cost mitigations such as deferral of capital expenditure to protect liquidity. In the most severe but plausible scenario forecasted, WRKCo Inc would still have sufficient profitability and liquidity to service debt and fund operations.

Having considered all the above, including WRKCo Inc's current financial position and its willingness to provide financial support to the Company as needed, the directors remain confident in the long-term future prospects for the Company and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

BP Media Limited

**Directors' Report (continued)
For the Year Ended 30 September 2019**

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'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's auditor is aware of that information.

Events after the balance sheet date

On 11 March 2020 the World Health Organisation declared COVID-19 to be a worldwide pandemic. Given this was an event occurring after the Balance Sheet date, management consider this to be a non-adjusting event. We quickly implemented social distancing guidance at all locations to protect the wellbeing of our employees. The long-term financial impact of the pandemic on both the entity and the Westrock (parent) Group cannot be quantified at this stage.

In considering the ongoing impact of COVID-19, the Company will, as part of its usual reporting process, conduct impairment reviews across all cash generating units. The process will be informed by any impact arising from challenging trading environments and macro-economic weakness, exacerbated by the uncertainty created by COVID-19.

There is the potential should COVID-19 persist and negatively impact the Company, for write down of fixed assets alongside increases in bad debt provisions and debt write offs should customers enter financial difficulty.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 September 2020 and signed on its behalf.


A. Darrington
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP MEDIA LIMITED

Opinion

We have audited the financial statements of BP Media Limited for the year ended 30 September 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 24, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2019 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2.3 and 24 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP MEDIA LIMITED (continued)

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP MEDIA LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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.

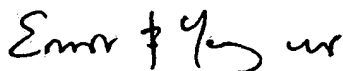
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Bagworth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date: 30 September 2020

BP Media Limited

**Statement of Comprehensive Income
For the Year Ended 30 September 2019**

	Note	2019 £	2018 £
Turnover	4	9,818,727	11,592,722
Cost of sales		(7,272,085)	(7,788,505)
Gross profit		2,546,642	3,804,217
Administrative expenses		(2,258,418)	(2,852,591)
Operating profit	5	288,224	951,626
Interest receivable and similar income	9	104,791	229,049
Interest payable and similar charges		(21,666)	-
Profit before tax		371,349	1,180,675
Tax on profit	11	2,643	(8,733)
Profit for the financial year		373,992	1,171,942

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 12 to 27 form part of these financial statements.

BP Media Limited
Registered number: 05854519

Balance Sheet
As at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	-	-
Tangible assets	14	47,036	65,548
Investments	13	-	100
		<u>47,036</u>	<u>65,648</u>
Current assets			
Stocks	15	146,191	98,376
Debtors: amounts falling due after more than one year	16	4,854,217	-
Debtors: amounts falling due within one year	16	4,060,433	7,783,958
Cash at bank and in hand		299,921	346,210
		<u>9,360,762</u>	<u>8,228,544</u>
Creditors: amounts falling due within one year	17	(2,457,095)	(1,717,481)
Net current assets		<u>6,903,667</u>	<u>6,511,063</u>
Total assets less current liabilities		<u>6,950,703</u>	<u>6,576,711</u>
Net assets		<u><u>6,950,703</u></u>	<u><u>6,576,711</u></u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account	20	6,949,703	6,575,711
		<u>6,950,703</u>	<u>6,576,711</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2020.



A Darrington
Director

The notes on pages 12 to 27 form part of these financial statements.

BP Media Limited

**Statement of Changes in Equity
For the Year Ended 30 September 2019**

	Share capital	Profit and loss account	Shareholder's funds
	£	£	£
At 1 October 2018	1,000	6,575,711	6,576,711
Comprehensive income for the year			
Profit for the year	-	373,992	373,992
Total comprehensive income for the year	-	373,992	373,992
At 30 September 2019	1,000	6,949,703	6,950,703

The notes on pages 12 to 27 form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 30 September 2018**

	Share capital	Profit and loss account	Shareholder's funds
	£	£	£
At 1 October 2017	1,000	5,403,769	5,404,769
Comprehensive income for the year			
Profit for the year	-	1,171,942	1,171,942
Total comprehensive income for the year	-	1,171,942	1,171,942
At 30 September 2018	1,000	6,575,711	6,576,711

The notes on pages 12 to 27 form part of these financial statements.

BP Media Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

1. General information

BP Media Limited is a private limited liability company incorporated in the UK. The Registered Office is Millennium Way West, Phoenix Centre, Nottingham, NG8 6AW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling, which is also the functional currency of the Company. The amounts are rounded off to the nearest sterling. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of WestRock Company as at 30 September 2019 and these financial statements may be obtained from Millennium Way West, Phoenix Centre, Nottingham, NG8 6AW.

Group accounts

The results of the Company and its subsidiaries are included in the consolidated accounts of WestRock Company and the Company has therefore taken advantage of the exemption available under section 401 of the Companies Act 2006 and not prepared group accounts.

Notes to the Financial Statements
For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.3 Going concern

The company's business activities together with the factors likely to impact its future development, performance and position are set out in the Strategic Report. The company has net liabilities and during the year, the Company was financed through borrowings from related parties. The Company has well established relationships with customers and suppliers. The Directors are also of the view that COVID-19 does not impact the Company's ability to continue as a going concern. As a consequence, the directors believe that the Company is a going concern and is well placed to manage its business risk successfully.

Although the Company has net current liabilities, it has the financial support of a parent company, WRKCo Inc, which has sufficient cash and liquidity to fund the operations if necessary and a letter of support has been provided indicating that it will continue to support the business for at least 12 months from the date of approval of these financial statements.

WRKCo Inc has prepared a cash flow forecast for the period through 30 September 2021 and has considered both severe but plausible downside scenarios together with a reverse stress test, noting any controllable cost mitigations such as deferral of capital expenditure to protect liquidity. In the most severe but plausible scenario forecasted, WRKCo Inc would still have sufficient profitability and liquidity to service debt and fund operations.

Having considered all the above, including WRKCo Inc's current financial position and its willingness to provide financial support to the Company as needed, the directors remain confident in the long-term future prospects for the Company and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements
For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

2.6 Tangible fixed assets

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.

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Computer equipment and machinery - 25% on reducing balance

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 Statement of Comprehensive Income.

2.7 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 out basis. Work in progress and finished goods include direct expenditure production overheads based on the normal level of activity.

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. Where necessary, provision is made for obsolete, slow moving and defective stock.

2.8 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.

2.9 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.

2.10 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.

Notes to the Financial Statements
For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.11 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 or, if hedged, at the forward contract rate. 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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges. Where foreign currency borrowing has been used to finance equity investments in foreign currencies, exchange differences arising on the borrowing are dealt with through reserves to the extent that they are covered by exchange differences on the net assets represented by the equity investments.

2.12 Finance costs

Finance costs are charged to the 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.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Notes to the Financial Statements
For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change 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.

Current tax

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 operates and generates income.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

BP Media Limited

Notes to the Financial Statements
For the Year Ended 30 September 2019

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

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Operating lease commitments

The Company has entered into leases as a lessee on items of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance sheet. For further information on the Group's finance lease creditors and material operating lease commitments refer to note 22.

Taxation

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 11.

Inventories

Inventories are stated at lower of cost or market value. Inventory cost includes materials, labour and manufacturing overheads. Obsolete inventory is identified based on analysis of inventory for known obsolescence issues and write down or write off is provided based on this analysis.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	2,112,627	2,079,261
Rest of Europe	6,965,462	8,564,021
Rest of the world	740,638	949,440

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	17,834	24,749
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	19,915	20,140
(Gain)/loss on foreign exchange transactions	6,313	(11,641)
Operating lease rentals	178,949	227,926
Pension costs	133,623	30,896
Loss on sale of tangible fixed assets	678	2,075

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	19,915	20,140

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

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

	2019 £	2018 £
Wages and salaries	1,941,458	2,084,552
Social security costs	202,548	214,752
Other pension costs	133,623	30,896
	2,277,629	2,330,200

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

	2019 No.	2018 No.
Administration	38	44

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>291,070</u>	<u>447,876</u>

The highest paid director received remuneration of £142,047 (2018 - £119,665).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,578 (2018 - £NIL).

Two directors received no remuneration for their services to the Company during the year (2018 - 2) and were remunerated by another company within the WestRock Company Group.

9. Interest receivable

	2019 £	2018 £
Interest receivable from group undertakings	103,430	228,756
Other interest receivable	1,361	293
	<u>104,791</u>	<u>229,049</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Other interest payable	21,666	-
	<u>21,666</u>	<u>-</u>

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

11. Taxation

	2019 £	2018 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(2,643)	(3,887)
Adjustments in respect of prior periods	-	12,620
Total deferred tax	(2,643)	8,733
Taxation on (loss)/profit on ordinary activities	(2,643)	8,733

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	371,349	1,180,675
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	70,556	224,328
Effects of:		
Expenses not deductible for tax purposes	6,890	5,227
Fixed asset timing differences	570	760
Adjustments in respect of prior periods	-	12,620
Adjust deferred tax to closing rate	311	457
Group relief claimed	(80,970)	(234,659)
Total tax charge/(credit) for the year	(2,643)	8,733

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

11. Taxation (continued)**Factors that may affect future tax charges**

The Company's profits for the financial period are taxed at a rate of 19% (2018 - 19%). The Finance Act 2015 provided for a reduction in the standard rate of tax from 19% to 18% with effect from 1 April 2020. This rate is reduced further to 17% by the Finance Act 2016.

Subsequent to the year end it was announced in the Spring Budget 2020 that the corporation tax rate would remain at 19% for the tax year beginning 1 April 2020. Deferred tax at the year end would increase to £18,880 if calculated at 19%.

12. Intangible assets

	Goodwill £
Cost	
At 1 October 2018	2,999
At 30 September 2019	2,999
Amortisation	
At 1 October 2018	2,999
At 30 September 2019	2,999
Net book value	
At 30 September 2019	-
At 30 September 2018	-

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

13. Fixed asset investments

	Investments in subsidiary companies £
At 1 October 2018	100
Disposals	(100)
At 30 September 2019	-
At 30 September 2019	-
At 30 September 2018	100

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
BP Media Technology Ltd	Ordinary	100%	Dormant

During the year the subsidiary was liquidated.

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

14. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 October 2018	296,132
Disposals	(33,405)
At 30 September 2019	<u>262,727</u>
Depreciation	
At 1 October 2018	230,584
Charge for the year on owned assets	17,834
Disposals	(32,727)
At 30 September 2019	<u>215,691</u>
Net book value	
At 30 September 2019	<u><u>47,036</u></u>
At 30 September 2018	<u><u>65,548</u></u>

15. Stocks

	2019 £	2018 £
Work in progress (goods to be sold)	146,191	91,704
Finished goods and goods for resale	-	6,672
	<u><u>146,191</u></u>	<u><u>98,376</u></u>

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

16. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	4,798,717	-
Other debtors	55,500	-
	<u>4,854,217</u>	<u>-</u>

Amounts owed by group undertakings is a loan to Multi Packaging Solutions Acquisitions 2 Limited. The loan bears interest at LIBOR plus a margin of 1.90475%. The loan is repayable in 2028.

	2019 £	2018 £
Due within one year		
Trade debtors	3,250,512	1,985,337
Amounts owed by group undertakings	444,772	5,461,141
Other debtors	287,385	191,267
Prepayments and accrued income	60,871	131,963
Deferred taxation (note 18)	16,893	14,250
	<u>4,060,433</u>	<u>7,783,958</u>

17. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	518,488	1,214,375
Amounts owed to group undertakings	880,126	188,081
Taxation and social security	53,189	60,910
Other creditors	2,796	31,063
Accruals and deferred income	1,002,496	223,052
	<u>2,457,095</u>	<u>1,717,481</u>

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

18. Deferred taxation

	2019 £
At beginning of year	14,250
Credited to profit or loss	2,643
At end of year	16,893

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	16,893	14,250

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

20. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

21. Pension commitments

The Company operates a defined contributions 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 £133,623 (2018 - £30,896). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date.

BP Media Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2019**

22. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	62,105	141,924
Later than 1 year and not later than 5 years	15,454	77,235

23. Controlling party

The Company's immediate parent undertaking is Multi Packaging Solutions UK Limited, a company incorporated in the UK.

The ultimate parent company and controlling party is WestRock Company, a company incorporated in the United States of America. WestRock Company is the largest and smallest company to consolidate these financial statements. Copies of the group financial statements of that company can be obtained from Millennium Way West, Phoenix Centre, Nottingham, Nottinghamshire, NG8 6AW.

24. Events after the balance sheet date

On 11 March 2020 the World Health Organisation declared COVID-19 to be a worldwide pandemic. Given this was an event occurring after the Balance Sheet date, management consider this to be a non-adjusting event. We quickly implemented social distancing guidance at all locations to protect the wellbeing of our employees. The long-term financial impact of the pandemic on both the entity and the Westrock (parent) Group cannot be quantified at this stage.

In considering the ongoing impact of COVID-19, the Company will, as part of its usual reporting process, conduct impairment reviews across all cash generating units. The process will be informed by any impact arising from challenging trading environments and macro-economic weakness, exacerbated by the uncertainty created by COVID-19.

There is the potential should COVID-19 persist and negatively impact the Company, for write down of fixed assets alongside increases in bad debt provisions and debt write offs should customers enter financial difficulty.