

COMPANY REGISTRATION NUMBER: 00347190

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Annual report and financial statements

31 December 2018

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Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Annual report and financial statements

Year ended 31 December 2018

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Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Officers and professional advisers

The board of directors

D Court
H P Verhoyen

Registered office

C/O Verder Ltd
Unit 3 California Drive
Castleford
England
WF10 5QH

Auditor

Grant Thornton UK LLP
Chartered accountants & statutory auditor
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Strategic report

Year ended 31 December 2018

Business review and future outlook

Packo Inox Limited is a holding company.

On 19 October 2018 the company changed its name from R J Fullwood and Bland Limited to Packo Inox Limited.

Given the position of the company within the Verder Group, the directors are satisfied with the result for the year.

The Company continues to own land and buildings at Grange Road, Ellesmere and these are rented to a fellow undertaking in the Verder Group, Fullwood Limited.

On 28 March 2019 a cross border merger with the company's wholly owned subsidiary Packo Inox NV was completed. This consolidation together with the rental income means that the Company is well placed to meet its future obligations in respect of its pension liabilities.

Principal risks and uncertainties

The principal risks and uncertainties within the business relate to financial risk management.

The company's principal financial instruments are group loans and overdrafts. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risk arising from the company's financial instruments is liquidity risk. The company seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short term flexibility is achieved by loans from group undertakings.

Key performance indicators

Due to the nature of its activity, there are no key performance indicators for the company, other than the value of its investments which are monitored continuously by the directors.

This report was approved by the board of directors on 23 May 2019 and signed on behalf of the board by:



D Court
Director

Registered office:
C/O Verder Ltd
Unit 3 California Drive
Castleford
England
WF10 5QH

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Directors' report

Year ended 31 December 2018

The directors present their report and the Annual report and Financial statements of the company for the year ended 31 December 2018.

Principal activities

The company is a holding company with no trading activity in the year.

Directors

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

D Court
H P Verhoyen (Appointed 16 October 2018)

Dividends

During the year dividends of £3,288,937 (2017:£ nil) were paid.

Future developments

The Company continues to own land and buildings at Grange Road, Ellesmere and these are rented to a fellow undertaking in the Verder Group, Fullwood Limited.

The completion of the cross border merger with the company's wholly owned subsidiary Packo Inox Ltd means together with its rental income that the Company is well placed to meet its future obligations in respect of its pension liabilities.

Events after the end of the reporting period

On 28 March 2019 a cross border merger with the company's wholly owned subsidiary Packo Inox NV was completed.

Qualifying third party indemnity provisions

The Group holds qualifying third party indemnity insurance for the benefit of the directors which has been in force throughout the financial year and is still in place at the date of approval of these financial statements.

Donations

No donations or political expenditure was made or incurred during the period.

Going Concern

After reviewing the forecast and projections, the directors have a reasonable expectation that the company has sufficient funding to meet its ongoing obligations for a period of not less than twelve months from the approval of these financial statements and can therefore adopt the going concern basis in preparing these financial statements.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Directors' report *(continued)*

Year ended 31 December 2018

Independent auditor

At the date of approval of this report the directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 23 May 2019 and signed on behalf of the board by:



D Court
Director

Registered office:
C/O Verder Ltd
Unit 3 California Drive
Castleford
England
WF10 5QH

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Directors' report

Year ended 31 December 2018

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Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Directors' responsibilities statement

Year ended 31 December 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

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

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Independent auditor's report to the members of Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Year ended 31 December 2018

Opinion

We have audited the Annual report and Financial statements of Packo Inox Limited (formerly R J Fullwood & Bland Limited) (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the Annual report and Financial statements, 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 and applicable law including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

In our opinion the Annual report and Financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 Annual report and Financial statements is not appropriate; or
- the directors have not disclosed in the Annual report and 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 Annual report and Financial statements are authorised for issue.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Independent auditor's report to the members of Packo Inox Limited (formerly R J Fullwood & Bland Limited) (continued)

Year ended 31 December 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the Annual report and Financial statements are prepared is consistent with the Annual report and 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 under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Annual report and 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.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Independent auditor's report to the members of Packo Inox Limited (formerly R J Fullwood & Bland Limited) (continued)

Year ended 31 December 2018

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Annual report and 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 Annual report and Financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual report and 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 annual report and financial statements

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

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

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.



John Coates Bsc BFP FCA (Senior Statutory Auditor).

For and on behalf of
Grant Thornton UK LLP
Chartered accountants & statutory auditor
Birmingham

24 May 2019

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Statement of comprehensive income

Year ended 31 December 2018

	Note	2018 £	2017 (restated) £
Turnover	4	126,000	126,000
Gross profit		126,000	126,000
Administrative expenses		(122,986)	(103,026)
Operating profit	5	3,014	22,974
Income from shares in group undertakings	8	4,417,861	494,179
Other interest receivable and similar income	9	10,464	—
Amounts written off investments	10	—	(261)
Interest payable and similar charges	11	(201,328)	(225,692)
Profit before taxation		4,230,011	291,200
Tax credit on profit	12	297,648	—
Profit for the financial year		4,527,659	291,200
Actuarial gains on defined benefit scheme		1,101,285	1,339,000
Deferred tax charge on pension scheme		(269,450)	(229,203)
Increase in valuation of investments		13,261,712	9,782,675
Other comprehensive income for the year		14,093,547	10,892,472
Total comprehensive income for the year		18,621,206	11,183,672

All the activities of the company are from continuing operations.

The notes on pages 12 to 27 form part of these Annual report and Financial statements.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Statement of financial position

31 December 2018

	Note	2018 £	2017 (restated) £
Fixed assets			
Tangible assets	14	1,488,534	1,520,934
Investments	15	60,548,048	47,286,336
		<u>62,036,582</u>	<u>48,807,270</u>
Current assets			
Debtors	16	1,495,511	1,343,984
Cash at bank and in hand		<u>1,501,107</u>	<u>411,033</u>
		<u>2,996,618</u>	<u>1,755,017</u>
Creditors: amounts falling due within one year	17	<u>(2,310,337)</u>	<u>(1,586,693)</u>
Net current assets		<u>686,281</u>	<u>168,324</u>
Total assets less current liabilities		<u>62,722,863</u>	<u>48,975,594</u>
Net assets excluding defined benefit pension plan liability		<u>62,722,863</u>	<u>48,975,594</u>
Defined benefit pension plan liability	19	<u>(5,405,000)</u>	<u>(6,990,000)</u>
Net assets including defined benefit pension plan liability		<u>57,317,863</u>	<u>41,985,594</u>
Capital and reserves			
Called up share capital	21	916,949	916,949
Revaluation reserve	22	1,299,852	1,299,852
Profit and loss account	22	<u>55,101,062</u>	<u>39,768,793</u>
Total shareholders funds		<u>57,317,863</u>	<u>41,985,594</u>

These financial statements were approved by the board of directors and authorised for issue on 23 May 2019, and are signed on behalf of the board by:



D Court
Director

Company registration number: 00347190

The notes on pages 12 to 27 form part of these Annual report and Financial statements.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Statement of changes in equity

Year ended 31 December 2018

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2017	916,949	1,299,852	35,045,790	37,262,591
Profit for the year			291,200	291,200
Other comprehensive income for the year:				
Actuarial gains on defined benefit scheme	—	—	1,339,000	1,339,000
Deferred tax charge on pension scheme	—	—	(229,203)	(229,203)
Increase in valuation of investments	—	—	10,839,918	10,839,918
Total comprehensive income for the year	—	—	12,240,915	12,240,915
Apportionment arrangement	—	—	(6,460,669)	(6,460,669)
Total transactions with owners	—	—	(6,460,669)	(6,460,669)
At 31 December 2017 (as previously reported)	916,949	1,299,852	40,826,036	43,042,837
Prior period adjustment	—	—	(1,057,243)	(1,057,243)
At 31 December 2017 (restated)	916,949	1,299,852	39,768,793	41,985,594
Profit for the year			4,527,659	4,527,659
Other comprehensive income for the year:				
Actuarial gains on defined benefit scheme	—	—	1,101,285	1,101,285
Deferred tax charge on pension scheme	—	—	(269,450)	(269,450)
Increase in valuation of investments	—	—	13,261,712	13,261,712
Total comprehensive income for the year	—	—	18,621,206	18,621,206
Dividends paid and payable	13	—	(3,288,937)	(3,288,937)
Total transactions with owners	—	—	(3,288,937)	(3,288,937)
At 31 December 2018	916,949	1,299,852	55,101,062	57,317,863

The notes on pages 12 to 27 form part of these Annual report and Financial statements.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Verder Ltd, Unit 3 California Drive, Castleford, WF10 5QH, England.

2. Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") as issued in August 2014 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 investments in subsidiary undertakings as specified in the accounting policies below.

The company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual entity and not about its group.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

A prior year adjustment has been made to the brought forward investment balance to reflect the purchase of the remain shares in FP Holdings NV at the end of 2017.

3. Accounting policies

The Annual report and Financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The Annual report and Financial statements are prepared in sterling, which is the functional currency of the entity.

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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Verder International BV as at 31 December 2018 and these financial statements may be obtained from 3 California Drive, Castleford, WF10 5QH.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Going concern

After reviewing the forecast and projections, the directors have a reasonable expectation that the company has sufficient funding to meet its ongoing obligations for a period of not less than twelve months from the of approval of these financial statements and can therefore adopt the going concern basis in preparing these financial statements.

Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet the criteria are disclosed in the notes to the financial statements.

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.

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.

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.

Revenue recognition

Revenue principally comprises rental income and management charges. 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.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Income tax

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Foreign currencies

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Investment property	-	3% straight line
Equipment	-	33% straight line

No depreciation is provided on freehold land.

Revaluation of tangible fixed assets

Freehold properties are carried at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers. Revaluation gains and losses are recognised in the statement of comprehensive income.

Investments in subsidiaries and associates

Investments in subsidiaries and associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

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

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Defined benefit plans

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Significant judgements and estimates

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Fair value of the investments in group undertakings

The directors make an assessment as to the appropriateness of the carrying value of investments based on the trading performance and position of the respective underlying entities. In the financial year, a fair value is derived based on a discounted cashflow model based on budgets for future years.

Defined benefits pension scheme

The valuation of the defined benefit pension scheme liability requires a number of estimates to be made, for example in respect of the appropriate discount rate to apply and the life expectancy of members. The directors engage a professional firm of actuaries to assist them in this area.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

4. Turnover

Turnover arises from:

	2018	2017 (restated)
	£	£
Rental income and management charges	<u>126,000</u>	<u>126,000</u>

The whole of the turnover is attributable to rent received and management charges. All turnover arose within the United Kingdom in 2018 and 2017.

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017 (restated)
	£	£
Depreciation of tangible assets	32,400	32,400
Foreign exchange differences	<u>(28,272)</u>	<u>(18,060)</u>

6. Auditor's remuneration

	2018	2017 (restated)
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>17,500</u>	<u>22,500</u>

	2018	2017 (restated)
	£	£
Fees payable to		
Fees payable to the company's auditor and its associates for other services:		
Other assurance services	<u>—</u>	<u>10,000</u>

7. Director remuneration

The directors received no emoluments during the financial year (2017: £nil) from the company. The directors/ key management personnel of the company are remunerated from other Verder group companies.

8. Income from shares in group undertakings

	2018	2017 (restated)
	£	£
Dividends from group undertakings	<u>4,417,861</u>	<u>494,179</u>

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

9. Other interest receivable and similar income

	2018	2017 (restated)
	£	£
Interest from group undertakings	<u>10,464</u>	<u>—</u>

10. Amounts written off investments

	2018	2017 (restated)
	£	£
Impairment of investments in associates	<u>—</u>	<u>261</u>

11. Interest payable and similar charges

	2018	2017 (restated)
	£	£
Interest on banks loans and overdrafts	—	11,692
Net finance costs in respect of defined benefit pension plan	162,000	214,000
Other interest payable and similar charges	<u>39,328</u>	<u>—</u>
	<u>201,328</u>	<u>225,692</u>

12. Tax credit on profit

Major components of tax income

	2018	2017 (restated)
	£	£
Current tax:		
UK current tax income	(121,441)	—
Adjustments in respect of prior periods	<u>(176,207)</u>	<u>—</u>
Total current tax credit	<u>(297,648)</u>	<u>—</u>
Tax credit on profit	<u>(297,648)</u>	<u>—</u>

The tax assessed on the profit (2017: profit) on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

12. Tax credit on profit *(continued)*

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018	2017 <i>(restated)</i>
	£	£
Profit on ordinary activities before taxation	<u>4,230,011</u>	<u>291,200</u>
Profit on ordinary activities by rate of tax	803,702	56,057
Adjustment to tax charge in respect of prior periods	(176,207)	–
Effect of expenses not deductible for tax purposes	(91,906)	(95,129)
Effect of capital allowances and depreciation	6,156	–
Effect of revenue exempt from tax	(839,393)	–
Deferred tax not recognised	–	(5,050)
Amounts (charged)/credited directly to comprehensive income	–	44,122
Tax on profit	<u>(297,648)</u>	<u>–</u>

Factors that may affect future tax income

The current rate of corporation tax 19% (effective from 1 April 2017) enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax liability at 31 December 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

13. Dividends

	2018	2017 <i>(restated)</i>
	£	£
Dividends paid during the year on ordinary shares	<u>3,288,937</u>	<u>–</u>

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

14. Tangible assets

	Freehold property £
Cost	
At 1 January 2018 and 31 December 2018	<u>1,620,000</u>
Depreciation	
At 1 January 2018	99,066
Charge for the year	<u>32,400</u>
At 31 December 2018	<u>131,466</u>
Carrying amount	
At 31 December 2018	<u>1,488,534</u>
At 31 December 2017	<u>1,520,934</u>

Basis of valuation

The valuation of the company's freehold property was performed by members of the Royal Institution of Chartered Surveyors (RICS). The existing use method of valuation was used and the valuations were performed between January 2015 and February 2015. The directors has reviewed the valuations at 31 December 2018 and has concluded that the valuations represent the fair values of the properties as at that date.

The original cost of revalued land and buildings and aggregated depreciation based on that cost:

	2018 £	2017 £
Cost	320,148	320,148
Accumulated Depreciation	<u>(48,770)</u>	<u>(47,299)</u>
Net book value	<u>271,378</u>	<u>272,849</u>

15. Investments

	Shares in group undertakings £
Cost	
At 1 January 2018	47,286,336
Revaluations	<u>13,261,712</u>
At 31 December 2018	<u>60,548,048</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>-</u>
Carrying amount	
At 31 December 2018	<u>60,548,048</u>
At 31 December 2017	<u>47,286,336</u>

A prior year adjustment has been made to the brought forward investment balance of £1,057,243 to reflect the purchase of the remain shares in FP Holdings NV at the end of 2017.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

15. Investments *(continued)*

Subsidiaries, associates and other investments

The fair value of the cash-generating unit is determined as the Packo subgroup as a whole. The following were subsidiary undertakings of the company:

Group Undertaking	Type of shares held	Proportion held %	Country	Nature of business	Direct(D)/indirect(I)
Packo Inox NV(*)	Ordinary	100%	Belgium	Manufacturing trading	D
Fullwood Packo NV(**)(***)	Ordinary	100%	Belgium	Manufacturing trading	I
Packo Immo Inox NV(***)	Ordinary	100%	Belgium	Real Estate	I
Packo Blackwater Ltd(***)	Ordinary	100%	Ireland	Manufacturing trading	I
Packo Inox Electronic Equipment Co Ltd(***)	Ordinary	100%	China	Manufacturing trading	I

(*) denotes previously FP Holdings NV

(**) denotes Previously Packo Inox NV

(***) denotes subsidiary of Packo Inox NV

Packo Inox NV and its subsidiary undertakings are included within the consolidated financial statements of Verder International BV at 31 December 2018 and therefore the aggregate of their share capital and reserves and their profit or loss for the year ended on that date are not separately disclosed within these financial statements.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

15. Investments (continued)

A discounted cash flow model has been used to determine the fair value of the company's investments in subsidiaries. The future earnings (EBIT in accordance with FRS102) applied were taken from a multi-year financial plan (generally covering a maximum of five years), the basis of which was adopted in December taking into account the strategy approved by management for the respective cash-generating unit. This planning is based on certain assumptions and experience-based knowledge of markets and competitors. In the calculation the result of the last year was extrapolated as a constant, considering that level to be achievable in the long term. Growth rates were derived taking account of the rate of inflation and estimates with regard to historical performance. The expected cashflows have been discounted by a discount factor.

To determine the discount factor, the weighted average cost of capital (WACC) method is applied in conjunction with the capital asset pricing model (CAPM), taking into account a peer group. Under this method, first the cost of equity is determined using CAPM and the borrowing costs are defined, and then the individual capital components are weighted in accordance with the capital structure taking account of the peer group. This peer group information included but was not restricted to beta factors, capital structure data and borrowing costs. The peer group includes companies that are similar to the Packo subgroup in terms of industry, size and activity.

A growth rate between 3.5% and 12.4% is applied for the first five years. No terminal value growth rate is applied. A pre-tax discount rate of 8% is used (2016; 8%). According to an assessment by management, the fair value adjustment of the cash-generating unit was the result of a significant improvement in operational performance. The fair value adjustment is posted to other comprehensive income.

16. Debtors

	2018	2017 (restated)
	£	£
Amounts owed by group undertakings	451,451	144,999
Deferred tax asset	918,849	1,188,300
Prepayments and accrued income	140	—
Corporation tax repayable	121,441	—
Other debtors - ACT recoverable	107	107
Other debtors	3,523	10,578
	<u>1,495,511</u>	<u>1,343,984</u>

Amounts owed by group undertakings and related parties are unsecured, do not attract interest and are repayable on demand.

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

17. Creditors: amounts falling due within one year

	2018	2017 (restated)
	£	£
Trade creditors	8,082	10,450
Amounts owed to group undertakings	2,257,255	1,537,243
Accruals and deferred income	45,000	39,000
	<u>2,310,337</u>	<u>1,586,693</u>

Amounts owed to group undertakings are unsecured, do not attract interest and are repayable on demand.

18. Deferred tax

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

	2018	2017 (restated)
	£	£
Included in debtors (note 16)	<u>918,849</u>	<u>1,188,300</u>

The deferred tax asset is related to the pension deficit.

19. Employee benefits

Defined benefit plans

On 17 October 2017 the Company entered into a Flexible Apportionment Arrangement ('FAA') where the defined benefit pension scheme liabilities of its subsidiary undertaking, Fullwood Limited were apportioned to R J Fullwood and Bland Limited. This means that Fullwood Limited's liabilities under the scheme ceased and were assumed by R J Fullwood and Bland Limited. The shareholders of RJ Fullwood and Bland Limited and Fullwood Ltd agreed this was effective as from January 1, 2017, from when RJ Fullwood and Bland was obligated to pay the monthly employers contributions.

The statement of financial position net defined benefit liability is determined as follows:

	2018	2017
	£	£
Present value of defined benefit obligations	(18,030,000)	(19,358,000)
Fair value of plan assets	<u>12,625,000</u>	<u>12,368,000</u>
	<u>(5,405,000)</u>	<u>(6,990,000)</u>

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

19. Employee benefits (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2018 £
At 1 January 2018 as restated	(19,358,000)
Interest expense	(456,000)
Benefits paid	681,000
Gain from changes in financial assumptions	929,000
Gain in changes from demographic assumptions	130,000
Remeasurements:	
Actuarial gains and losses	44,000
At 31 December 2018	(18,030,000)

Changes in the fair value of plan assets are as follows:

	2018 £
At 1 January 2018 as restated	(12,368,000)
Interest income	(294,000)
Benefits paid	681,000
Contributions by employer	(416,000)
Remeasurements:	
Return on plan assets, excluding amount included in interest income	(228,000)
At 31 December 2018	(12,625,000)

The company expects to contribute £794,285 to its defined benefits scheme in 2019 (2018: £645,714)

The principal actuarial assumptions as at the statement of financial position date were:

	2018 %	2017 %
Discount rate	2.80	2.40
Expected rate of increase in pensions	3.40	3.30
Inflation assumption	3.40	3.30
Mortality rates:		
Current pensioners at 65 - male	21.70	21.90
Current pensioners at 65 - female	23.70	23.80
Future pensioners at 65 - male	23.20	23.30
Future pensioners at 65 - female	25.30	25.40

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements (continued)

Year ended 31 December 2018

19. Employee benefits (continued)

In 2018, the high court in the UK has ruled in the Lloyds Banking Group Pensions Trustees Limited vs. Lloyds Bank Plc Guaranteed Minimum Pensions (GMP) equalisation case. UK schemes are required to equalise for the effect of unequal GMPs accrued between 1990 and 1997. Back payments will need to be considered, with interest applied at 1% over the Bank of England base rate. Based on a note by actuarial experts, the impact of this ruling on the RJFB UK pension scheme and the actuarial calculations on the effect is estimated between GBP 0.2 and 0.9 million.

Management has not recorded the impact in the financial statements as at 31 December 2018 as external experts and management are of the opinion that a number of important questions remain unanswered following the judgement in the Lloyds case. The GMP equalisation will depend on many factors including the method adopted, membership / liability profile, retirement age, pension increases, revaluation, proportion of males, pensionable service 90 to 97, how many years of arrears, and interest etc.

20. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2018 £	2017 (restated) £
Financial assets		
Financial assets - Cash and cash equivalents	<u>1,501,107</u>	<u>411,033</u>
Financial assets measured at amortised cost	<u>576,522</u>	<u>155,577</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities

	2018 £	2017 £
Financial liabilities measured as amortised cost	<u>2,310,337</u>	<u>1,586,693</u>

Financial liabilities measured at amortised cost comprise overdrafts, amounts owed to group undertakings and other creditors.

21. Called up share capital

Issued, called up and fully paid

	2018		2017 (restated)	
	No.	£	No.	£
Ordinary shares of £1 each	<u>916,949</u>	<u>916,949.00</u>	<u>916,949</u>	<u>916,949.00</u>

Packo Inox Limited (formerly R J Fullwood & Bland Limited)

Notes to the annual report and financial statements *(continued)*

Year ended 31 December 2018

22. Reserves

Revaluation reserve

Comprises accumulated gains and losses on the revaluation of freehold property.

Profit and loss account

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

23. Commitments under operating leases

The Company had no commitments under the non cancellable operating leases as at the reporting date.

24. Post balance sheet events

On 28 March 2019 a cross board merger with the wholly-owned subsidiary company Packo Inox NV was completed.

25. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33, 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by Packo Inox Limited.

During the year, the company received rental income of £126,000 (2017: £126,000) from Fullwood Limited, a related party by virtue of common ultimate ownership. The balance outstanding at the year end was £nil (2017: £155,577).

26. Controlling party

The immediate parent company is Verder NV, a company incorporated in Belgium.

The largest and smallest group of undertakings for which group accounts have been prepared is that headed by Verder International BV, a company incorporated in The Netherlands.

Mr Andries Verder is company's ultimate controlling party.