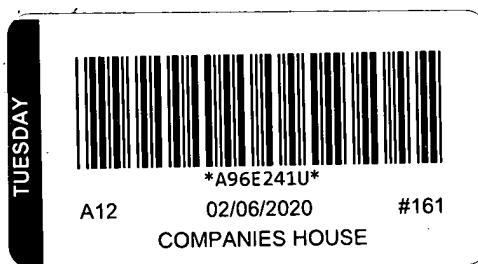


Company Registration No. 02766111

FEDRIGONI U.K. LIMITED

Annual report and financial statements

For the year ended 31 December 2019



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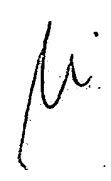
FEDRIGONI U.K. LIMITED

Annual report and financial statements For the year ended 31 December 2019

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FEDRIGONI U.K. LIMITED

**Annual report and financial statements
For the year ended 31 December 2019**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Mediolì
G Alfonsi

SECRETARY

Forgate Secretaries Limited

REGISTERED OFFICE

1 Princeton Mews
167-169 London Road
Kingston Upon Thames
Surrey
KT2 6PT

REGISTERED NUMBER

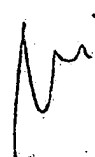
02766111 (England and Wales)

BANKERS

Barclays Bank plc
Wellingborough Road
Northampton
NN1 4EN

AUDITOR

Deloitte LLP
Cambridge
United Kingdom



FEDRIGONI U.K. LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

BUSINESS REVIEW AND ACTIVITIES

Fedrigoni U.K. Limited operates as a distributor of creative papers mainly within the U.K. and Ireland. It distributes only those papers manufactured by the Fedrigoni Group. The target customers for Fedrigoni U.K. Limited are commercial printers, paper converters, publishers, paper merchants and office product dealers.

Results for the company show sales of £21,671,593 increased to £22,050,092 in 2019, and profit before taxation was £1,248,211 up from £1,050,814 the previous year. The company's cash position has decreased to £893,143, down £2,146,404 from the previous year end. This is reflective of the movement in the receivable loan owed by the parent company which has increased by £3,432,771 to £5,350,674 in 2019. The improvement of our product mix is reflected in the year on year margin growth which has enabled us to deliver an EBITDA ahead of 2018.

Fedrigoni U.K. Limited has established a retail shop in central London under the Fabriano Boutique brand, selling high end stationery and leather goods.

2019 has been a successful year, beginning with a price increase in January but with price stability for the balance of the year. We have continued to focus on speciality products. Whilst overall volumes are lower than 2018, as we see the full year impact of the removal of some low margin commodity business, our positive trend in specialty volumes remains.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Fedrigoni U.K. Limited, which include those of the group, are discussed briefly below and but in further detail within the group's annual report which does not form part of this report.

The company acknowledges the risk associated with Brexit. We have continued to work closely with our customer base and transporters to mitigate these risks, which we feel are confined to exchange rate fluctuations and potential delay at port.

We believe the political and also the technological impacts to Fedrigoni U.K. Limited to be minimal. There is an expectation that Fedrigoni U.K. Limited would be supported by the parent company if required.

Fedrigoni U.K. Limited are constantly monitoring the Brexit progress and developments and will act accordingly whenever any new information is available.

KEY PERFORMANCE INDICATORS (KPI'S)

The directors of Fedrigoni UK Limited consider the key performance indicators to be measured by the financial results of the business. Volumes are measured daily and this is a clear indicator of our success and the performance of the wider market. EBITDA is our main measure of trading performance and profitability. Fedrigoni U.K. Limited has now exhausted its carried forward losses for Corporation Tax and EBITDA allows us to measure the performance year on year without the impact of the change in tax charges. EBITDA in 2019 was £1,462,695 versus £1,274,301 in 2018.

Uninsured bad debts due to business failures have remained insignificant as a result of strong credit management.



FEDRIGONI U.K. LIMITED

STRATEGIC REPORT

STRATEGY

Fedrigoni U.K. Limited has a vision to be the leading supplier of imaginative, inspirational, quality paper products and services.

Our strategy of working with distributors to manage certain channels has worked well and helps us maintain our cost of sales and transport costs. The key distributor relationship has provided a successful result in the digital sector for a number of years and the competition continues to be tough. However with our strategy of an improved focus in this area our volumes have grown and our focus will continue.

Additional to our close tie-in with distributors we continue to trade directly with various market sectors including printers, packaging manufacturers, greetings card publishers and producers and the publishing market.

During 2019 we have finalised our external sales team management structure and this will provide us with an improved customer focus and the appropriate infrastructure to support the planned growth in 2020 and beyond.

Approved by the Board of Directors
and signed on behalf of the Board

G Alfonsi

Director

Date:

6th MAY 2020

1 Princeton Mews
167-169 London Road
Kingston Upon Thames
Surrey
KT2 6PT

FEDRIGONI U.K. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The company's principal activity continues to be that of importers and distributors of quality paper.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019 (2018: £nil).

FUTURE DEVELOPMENTS

The results show a significant improvement to previous years, with a positive net result achieved, considering the profit without the boutique business losses and the directors confirm the next expectations of the company to continue producing a satisfactory profit in the forthcoming years.

DIRECTORS

The directors who served throughout the year and to the date of this annual report were:

C Medioli
G Alfonsi

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. In any event, the parent company assures the financial management of Fedrigoni U.K. Limited against those risks outlined. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The board of directors considers that the below policies and procedures established are adequate and appropriate to manage the company's financial risks. Those policies and procedures are implemented by the company's finance department. This sets out specific guidelines to manage price risk, credit risk, liquidity risk, interest rate risk and currency risk, including circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company's principal financial assets are cash and trade debtors. Risks associated with cash are low as the company's banks have high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The company insures all the major debts and all limits that are not insured are agreed with senior management in Italy.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operation and planned expansions.



FEDRIGONI U.K. LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The company's exposure to risk for the changes in interest rates relates primarily to the company's loan. The company's policy is to manage its interest cost using a variable market rate based on Euribor, which will fluctuate according to levels of working capital required.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. To minimise the risk, the company purchases from Group companies in Pounds Sterling for goods to be sold in the U.K. When the customer is to be invoiced in Euros the company buys goods in the same currency.

DISCLOSURE OF INFORMATION IN STRATEGIC REPORT

The company has chosen to set out its business review in the strategic report, information as required by schedule 7 to SI 2008/410 to be contained in the directors' report.

GOING CONCERN

The directors have considered the financial position of the company at 31 December 2019 and forecasts for a period of 12 months from the date of signing these financial statements. In light of these forecasts, they consider that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The unprecedented situation presented by the global outbreak of COVID-19 will undoubtedly have an impact on all businesses in 2020. For Fedrigoni UK, the directors have assessed the risks and impact in terms of turnover, profit and cashflow, and ultimately believe the company will be self-sufficient and able to maintain a positive cash reserve for the twelve months following the signing of the audit report. Combined with a close to fully insured debtor book and Fedrigoni UK being an important component of the Group's strategic distribution network, the directors consider that the preparation of the accounts on a going concern basis remains appropriate.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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



FEDRIGONI U.K. LIMITED

DIRECTORS' REPORT (continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

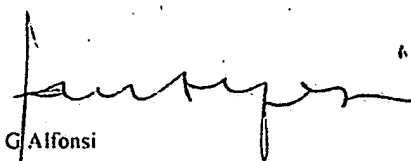
Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G. Alfonsi

Director

Date: 6th MAY 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDRIGONI U.K. LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fedrigoni U.K. Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEDRIGONI U.K. LIMITED (continued)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FEDRIGONI U.K. LIMITED (continued)**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Adam Norman (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

Date: 11 May 2020



FEDRIGONI U.K. LIMITED

PROFIT AND LOSS ACCOUNT **For the year ended 31 December 2019**

	Note	2019 £	2018 £
TURNOVER	3	22,050,092	21,671,593
Cost of sales		(16,994,391)	(16,942,882)
GROSS PROFIT		5,055,701	4,728,711
Distribution costs		(507,803)	(474,175)
Administrative expenses		(3,623,138)	(3,562,685)
Other operating income		269,078	336,481
OPERATING PROFIT	5	1,193,838	1,028,332
Interest receivable and similar income	6	54,373	22,482
PROFIT BEFORE TAXATION		1,248,211	1,050,814
Tax on profit	7	246,189	135,395
PROFIT FOR THE FINANCIAL YEAR		<u>1,002,022</u>	<u>915,419</u>

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.

FEDRIGONI U.K. LIMITED

BALANCE SHEET As at 31 December 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	385,598	476,711
CURRENT ASSETS			
Stocks	9	2,708,658	2,757,875
Debtors	10	9,853,485	6,859,350
Cash at bank and in hand		893,143	3,039,547
		13,455,286	12,656,772
CREDITORS: amounts falling due within one year	11	(7,017,238)	(7,346,743)
NET CURRENT ASSETS		6,438,048	5,310,029
TOTAL ASSETS LESS CURRENT LIABILITIES		6,823,646	5,786,740
PROVISIONS FOR LIABILITIES	13	(34,884)	-
		6,788,762	5,786,740
CAPITAL AND RESERVES			
Called up share capital	14	7,500,000	7,500,000
Profit and loss account	14	(711,238)	(1,713,260)
SHAREHOLDERS' FUNDS		6,788,762	5,786,740

The financial statements of Fedrigoni U.K. Limited, registered number 02766111, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

G Alfonsi
Director

Date:

6th MAY 2020

FEDRIGONI U.K. LIMITED

STATEMENT OF CHANGES IN EQUITY As at 31 December 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	7,500,000	(2,628,679)	4,871,321
Profit for the year and total comprehensive income for the financial year	-	915,419	915,419
At 31 December 2018	7,500,000	(1,713,260)	5,786,740
Profit for the year and total comprehensive income for the financial year	-	1,002,022	1,002,022
At 31 December 2019	<u>7,500,000</u>	<u>(711,238)</u>	<u>6,788,762</u>

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

General information and basis of accounting

Fedrigoni U.K. Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

Fedrigoni U.K. Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, remuneration of key management personnel and financial instruments.

Turnover

Turnover, which is stated net of value added tax, but includes settlement discounts and rebates, represents the invoiced value of goods supplied and is recognised on delivery.

Turnover is attributable to the sale of paper. Turnover excludes intercompany commissions invoiced to other group companies which is shown as other operating income. Turnover is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Interest and other operating income is recognised when right to receive payment is established.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase cost of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	10% - 20% straight line method
Plant and machinery	20% straight line method
Fixtures and equipment	20% straight line method
Computer equipment	20% straight line method

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value after making due allowance for any obsolete or slow-moving items.

Costs are determined on a weighted average cost basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at 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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of 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 an undiscounted basis.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Pounds Sterling at the rate ruling on the date of transaction. Exchange differences are taken into profit and loss account in arriving at the operating profit.

Operating leases

Rentals under operating leases are charged on a straight line basis over the term of the lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the term of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 17 represents contributions payable by the company to the fund.

Going concern

The directors have considered the financial position of the company at 31 December 2019 and forecasts for a period of 12 months from the date of signing these financial statements. In light of these forecasts they consider that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The directors have taken into account the impact of COVID-19 and in line with their assessments noted in the directors' report, the directors consider that the preparation of the accounts on a going concern basis remains appropriate.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements that have significant impact on the amounts recognised, and make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors have concluded that, due to the nature of the business, there are no critical accounting judgements or key sources of estimation uncertainty that are required to be disclosed here.

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, being the sale of paper goods.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	21,893,452	21,440,747
Rest of Europe	144,122	218,967
Rest of the World	12,518	11,879
	<u>22,050,092</u>	<u>21,671,593</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Director's remuneration		
Emoluments	-	98,000
Contribution to money purchase pension scheme	-	4,900
	<u>-</u>	<u>102,900</u>

	No	No
Number of directors who are members of a money purchase pension scheme	-	1

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

Administration	7	7
Selling and distribution	32	31
	<u>39</u>	<u>38</u>

	£	£
The aggregate payroll costs of the above were:		
Wages and salaries	1,706,462	1,631,456
Social security costs	172,971	178,267
Other pension costs	93,021	60,667
	<u>1,972,454</u>	<u>1,870,390</u>

Of the company's two directors, one received remuneration paid by the company during the year of £nil (2018: £102,900). Both directors received remuneration either as employees of the immediate parent company or directors of the ultimate parent company. No director has accrued benefits under retirement benefit schemes operated by the company (2018: one).

The directors do not receive any emoluments from any other party specifically for services as a director of Fedrigoni U.K. Limited and it is not possible to make an accurate apportionment of the directors' emoluments received from other group companies in respect of their services to Fedrigoni U.K. Limited.

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

5. OPERATING PROFIT

	2019 £	2018 £
Operating profit is stated after charging:		
Impairment of stock recognised as an expense	40,763	384
Depreciation of tangible fixed assets - owned assets	119,361	135,380
Operating lease charges:		
Plant and machinery	44,129	34,149
Other than plant and machinery	81,795	74,214
Foreign exchange loss	4,354	2,359
Loss on disposal of fixed assets	-	2,525
Services provided by the company's auditor		
Fees payable to the company's auditor for the audit of the company's annual accounts	35,175	33,981

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Group interest receivable	54,373	21,207
Other interest receivable	-	1,275
	54,373	22,482

7. TAX ON PROFIT

	2019 £	2018 £
Current taxation		
United Kingdom corporation tax for the year	78,304	-
Deferred taxation		
Recognition of prior year losses	(8,205)	(78,346)
Utilisation of prior year losses	176,090	213,741
Tax on profit	246,189	135,395

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

7. TAX ON PROFIT (continued)

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below.

	2019 £	2018 £
Profit before tax	1,248,211	1,050,814
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	237,160	199,655
Factors affecting tax charge for the year:		
Expenses not deductible for tax purposes	2,944	8,829
Capital allowances in deficit of depreciation	14,362	5,257
Utilisation of prior year losses	(176,090)	(213,741)
Change in unrecognised deferred tax assets	167,813	135,395
Total tax charge	246,189	135,395

In the UK Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment occurred after the balance sheet date there is no impact on the accounts for the current period.

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures and equipment £	Computer equipment £	Total £
Cost					
At 1 January 2019	435,066	281,368	89,502	168,044	973,980
Additions	-	4,900	6,959	16,389	28,248
Disposals	(50,956)	-	(36,001)	(1,945)	(88,902)
At 31 December 2019	384,110	286,268	60,460	182,488	913,326
Accumulated depreciation					
At 1 January 2019	200,972	162,289	53,410	80,598	497,269
Charge for the year	45,892	41,034	8,717	23,718	119,361
Disposals	(50,956)	-	(36,001)	(1,945)	(88,902)
At 31 December 2019	195,908	203,323	26,126	102,371	527,728
Net book value					
At 31 December 2019	188,202	82,945	34,334	80,117	385,598
At 31 December 2018	234,094	119,079	36,092	87,446	476,711

FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

9. STOCKS

	2019 £	2018 £
Finished goods and goods for resale	<u>2,708,658</u>	<u>2,757,875</u>

10. DEBTORS

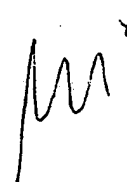
	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	4,381,873	4,665,927
Amounts owed by parent company	5,350,674	1,917,903
Amounts owed by fellow subsidiaries	8,470	24,835
Deferred taxation (note 12)	-	133,001
Prepayments and accrued income	<u>112,468</u>	<u>117,684</u>
	<u>9,853,485</u>	<u>6,859,350</u>

Amounts owed by parent company include a receivable loan of £5,326,771 (2018: £1,896,503), which is unsecured, interest free and repayable on demand. All other amounts owed by group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	94,907	218,078
Amounts owed to parent company	5,978,600	6,146,406
Amounts owed to fellow subsidiaries	10,000	10,000
Corporation tax	78,304	-
Social security and other taxes	269,908	311,423
Accruals and deferred income	<u>585,519</u>	<u>660,836</u>
	<u>7,017,238</u>	<u>7,346,743</u>

Amounts owed to parent company and fellow subsidiaries are unsecured, interest free, have no fixed repayment date and are repayable on demand.



FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

12. LEASING AGREEMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Within one year	478,210	427,078
Between one and five years	1,550,253	1,495,708
In more than five years	376,544	652,962
	<u>2,405,007</u>	<u>2,575,748</u>

13. DEFERRED TAX (LIABILITIES)/ASSETS

An analysis of deferred tax (liabilities)/ assets recognised in the financial statements relating to unutilised trading losses is as follows:

	2019 £	2018 £
Asset at 1 January 2019	133,001	268,396
Charged to the profit and loss account	(167,885)	(135,395)
(Liability)/asset at 31 December 2019	<u>(34,884)</u>	<u>133,001</u>

The company has fully recognised its deferred tax asset in the year. The company does not hold any amount in respect of an unrecognised deferred tax asset.

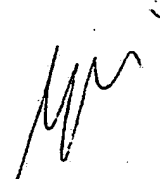
14. CALLED UP SHARE CAPITAL AND RESERVES

	2019 £	2018 £
Allotted, called up and fully paid 7,500,000 ordinary shares of £1 each	<u>7,500,000</u>	<u>7,500,000</u>

The company has one class of ordinary shares which carry no fixed right to income.

The company's other reserve is as follows:

The profit and loss reserve represents cumulative profits or losses.



FEDRIGONI U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2019**

15. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the company is not required to disclose transactions with other members of the group under FRS102.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

As at the year-end 31 December 2019, the immediate parent undertaking of the company is Fedrigoni S.p.A., a company incorporated in Italy. Fedrigoni S.p.A.'s immediate shareholder is Fabric (BC) S.p.A., also a company incorporated in Italy. The ultimate controlling party of Fedrigoni U.K. Limited is Bain Capital, LLC.

The smallest group of which Fedrigoni U.K. Limited is a member and for which consolidated financial statements are produced is Fabric (BC) S.p.A. The consolidated financial statements of Fabric (BC) S.p.A. may be obtained from Fedrigoni S.p.A. by writing to Fedrigoni S.p.A., Viale Piave 3, 37135 Verona, Italy.

The largest group of which Fedrigoni U.K. Limited is a member and for which consolidated financial statements are produced is Fabric (BC) Midea Limited. The consolidated financial statements of Fabric (BC) Midea Limited can be obtained from Companies House.

The registered office of Fabric (BC) S.p.A. is Via Vittor Pisani 20, 20124 Milan, Italy.

The registered office of Fabric (BC) Midea Limited is 35 Great St. Helen's, London, United Kingdom, EC3A 6AP.

17. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £93,021 in the year (2018: £60,667).

Pension liabilities outstanding at the financial year end are £8,992 (2018: £14,422).

18. POST BALANCE SHEET EVENT

Post year end, the Covid-19 pandemic spread across the UK and thus is having an impact on all businesses at the present moment. The directors have considered the impact on the Company and have provided further detail on the going concern within the directors' report. There are no material adjustments to disclose as a result of this matter.

