



**International Fibres Group
(Holdings) Limited**

Annual report and financial statements

for the year ended 30 June 2018

Registered number 00468624

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Company information

Director	P J P V Gyllenhammar J O Hager
Company Secretary	K A Davenport
Registered office	Old Mills Drighlington Bradford West Yorkshire BD11 1BY
Independent Auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL

Strategic Report

Strategic report for the year ended 30 June 2018

The directors present the strategic report of the Company for the year ended 30 June 2018.

Review of the business

The principal activity of the Company is a head office company, holding investments. It also performs Group administrative functions including the maintenance of the Group pension scheme.

The Company did not trade in the current year or prior year.

The shareholders funds of the Company increased in the year, ending at £43.1m (2017: £40.3m), principally due to the decrease in the deferred pension liability which ended at £0.4m net of deferred tax (2017: £2.1m net of deferred tax).

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for the understanding of the development, performance or position of the Company.

Dividends

On 5th November 2018 a dividend of £400,000 was declared and paid on the Ordinary shares (2017: £nil)

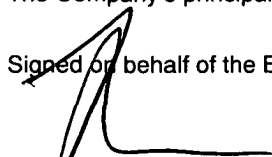
Future outlook

The directors remain confident on the trading outlook of the investments owned by the business.

Principal risks and uncertainties

The Company's principal risk relates to the recoverable value of the Company's principal investments.

Signed on behalf of the Board by



J O Hager
Director

19 November 2018

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2018.

Future developments

The Company will continue to monitor the performance of its investments and perform Group administrative functions.

Dividends

On 5th November 2018 a dividend of £400,000 was declared and paid (2017: £nil).

Group pension scheme

The IAS19 valuation of our UK defined benefit scheme has resulted in a deficit of £0.5m compared to a deficit of £2.6m at 30 June 2017. The deficit has decreased, primarily, due to returns on assets being higher than anticipated and a change in financial assumptions.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

P J P V Gyllenhammar
J O Hager
J G L Holmstrom (appointed 1 January 2018)

The Company purchased and maintained throughout the financial year a Group policy for Directors' and Officers' liability insurance that covers the Company and its Directors.

Financial risk management

Borrowing requirements are monitored on a Group basis to ensure that funding requirements minimise commercial risk and are adequate to support the ongoing requirements of the operation.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Directors' report (continued)

Statement of directors' responsibilities (continued)

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

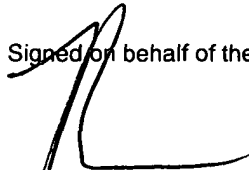
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware: and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

The financial statements on pages 7 to 20 were approved by the Board of Directors on 19 November 2018 and signed on its behalf by:

Signed on behalf of the board of directors



J O Hager
Director

Independent auditors' report to the members of International Fibres Group (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion, International Fibres Group (Holdings) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of International Fibres Group (Holdings) Limited (continued)

Reporting on other information (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

19 November 2018

Income statement

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Administrative expenses		(567)	(809)
Operating loss	3	<u>(567)</u>	<u>(809)</u>
Income from shares in Group undertakings	4	2,043	2,459
Net finance expense	7	(314)	(561)
Profit before taxation		<u>1,162</u>	<u>1,089</u>
Income tax credit	8	124	136
Profit for the financial year		<u><u>1,286</u></u>	<u><u>1,225</u></u>

All the activities of the company are classed as continuing.

Statement of comprehensive income

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit for the financial year		1,286	1,225
Actuarial gains on pension scheme	16	1,765	5,168
Movement in deferred tax asset in relation to defined benefit pension scheme	16	(300)	(1,122)
Total other comprehensive income		<u>1,465</u>	<u>4,046</u>
Total comprehensive income for the year		<u><u>2,751</u></u>	<u><u>5,271</u></u>

Statement of financial position

at 30 June 2018

		30 June 2018	30 June 2017
	Note	£'000	£'000
Fixed assets			
Tangible assets	10	—	—
Investments	11	46,776	46,775
		46,776	46,775
Current assets			
Current tax assets		139	151
Deferred tax assets	8	87	436
Debtors	12	684	325
Cash at bank and in hand		1,066	1,446
		1,976	2,358
Creditors: Amounts falling due within one year	13	(5,156)	(6,235)
Net current liabilities		(3,180)	(3,877)
Total assets less current liabilities		43,596	42,898
Retirement benefit obligations	16	(510)	(2,563)
Net assets		43,086	40,335
Capital and reserves			
Called up share capital	14	10,000	10,000
Share premium account		1,251	1,251
Capital redemption reserve		487	487
Capital reserve		9,204	9,204
Profit and loss account		22,144	19,393
Total shareholders' funds		43,086	40,335

The financial statements on pages 7 to 20 were approved by the board of directors on 19 November 2018 and were signed on its behalf by:


J O Hager
Director

The notes on pages 10 to 20 form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000	Total Shareholders' Funds £'000
As at 1 July 2016	10,000	1,251	487	9,204	14,122	35,064
Profit for the financial year	-	-	-	-	1,225	1,225
Other comprehensive expense for the year	-	-	-	-	4,046	4,046
Total comprehensive income for the year	-	-	-	-	5,271	5,271
As at 30 June 2017	10,000	1,251	487	9,204	19,393	40,335
Profit for the financial year	-	-	-	-	1,286	1,286
Other comprehensive income for the year	-	-	-	-	1,465	1,465
Total comprehensive income for the year	-	-	-	-	2,751	2,751
As at 30 June 2018	10,000	1,251	487	9,204	22,144	43,086

The capital reserve was created in the year ended 31 March 2001 in connection with a purchase of own shares by the Company. This cannot be distributed.

Notes to the financial statements for the year ended 30 June 2018

1. General Information

The principal activity of the company during the year was as a head office company, holding investments and is expected to remain so for the foreseeable future. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Old Mills, Drighlington, Bradford, BD11 1BY, England.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are presented in sterling rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The significant accounting policies applied in the preparation of these financial statements are set out below, and unless otherwise stated, these policies have been consistently applied to all the periods presented. In forming their view as to going concern the directors have considered the extension of repayment terms on intercompany balances as disclosed in note 13.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101)", and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 15 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies: and
- Roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16).

Consolidated financial statements

In accordance with Section 400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company is a subsidiary of Duroc AB (publ), a company within the EEA, which prepares consolidated financial statements, as disclosed in Note 15.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Fixtures and fittings	- 10 years
Computers	- 3 years

Notes to the financial statements for the year ended 30 June 2018

2. Summary of significant accounting policies(continued)

Impairments

The carrying value of tangible fixed assets on the balance sheet are reviewed, where appropriate, in order to consider whether any provision for impairment is necessary. Impairment provisions are calculated by comparing the higher of net realisable value and value in use of the asset, using forecast cash flows discounted at the Company's pre-tax weighted average cost of capital, with its carrying value.

Cash flow statement

The Company has taken advantage of the exemption available under Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a company within the EEA, as disclosed in Note 15.

Taxation

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currency are converted into sterling at the rate ruling at the date of the transaction.

Pensions

Contributions in respect of defined contribution schemes are charged to the profit and loss account in the year in which they arise.

The Company participates in a multi-employer defined benefit pension plan. This plan is operated on a Group basis that does not enable individual companies to identify their share of the underlying assets and liabilities and in accordance with International Accounting Standard 19 "Employee Benefits". The Company accounts for the plan in its financial statements as it is the principal employer of the Scheme.

3. Operating loss

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
<i>The operating loss is stated after charging :</i>		
Auditors' remuneration		
- Audit services pursuant to legislation	27	26

Notes to the financial statements for the year ended 30 June 2018

4. Income from shares in Group undertakings

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
International Fibres Group Limited	2,043	2,459

5. Remuneration of directors

The directors of International Fibres Group (Holdings) Limited at 30 June 2018 did not receive any emoluments from the Company during the year (2017: nil). International Fibres Group AB invoiced the Company a management charge of £249,000 (2017: £140,000), which included the costs for the services of the directors.

In 2018 Somerset AB invoiced the Company £12,000 for the services of these directors (2017: £nil).

6. Staff numbers and costs

The average number of persons employed by the Company during the year was 3 (2017: 4).

The aggregate payroll costs of these persons were as follows:-

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Wages and salaries	129	223
Social security costs	15	27
Other pension costs	10	15
	<hr/>	<hr/>
	154	265
	<hr/>	<hr/>

7. Net finance expense

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
<i>Finance expense:</i>		
Other interest	(286)	(313)
Preference share interest	–	(23)
Retirement benefit financing	(62)	(234)
<i>Finance income:</i>		
Other interest	34	9
	<hr/>	<hr/>
	(314)	(561)
	<hr/>	<hr/>

Notes to the financial statements for the year ended 30 June 2018

8. Income Tax credit

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Current tax:		
UK corporation tax on the profit for the year at 19% (2017: 19.75%)	(173)	(199)
Total current tax	<u>(173)</u>	<u>(199)</u>
Deferred tax:		
Current year	49	63
Total deferred taxation (Note 17)	<u>49</u>	<u>63</u>
Total tax credit	<u><u>(124)</u></u>	<u><u>(136)</u></u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.75%). The actual tax charge for the year is lower (2017: lower) than the standard rate for the reasons set out in the following reconciliation:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit before taxation	1,162	1,089
Tax on profit before taxation at UK standard rate of 19% (2017: 19.75%)	221	215
Effects of:		
Expenses not deductible for tax purposes	6	26
Exempt dividend income	(388)	(486)
Adjustment in relation to pensions	(12)	46
Losses available to carry forward	49	63
Total tax credit	<u><u>(124)</u></u>	<u><u>(136)</u></u>

Deferred taxation

Movements during the year:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
At 1 July	436	1,621
Charged to Profit and loss account	(49)	(63)
Charged to Other Comprehensive income	(300)	(1,122)
At 30 June	<u><u>87</u></u>	<u><u>436</u></u>

Deferred tax relates entirely to the defined benefit pension scheme.

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 19% (2017: 19.75%). Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017, as mentioned above, and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 30 June 2018

9. Dividends

No ordinary dividends were paid or proposed in the year (2017: £nil).

Preference dividends of £nil (2017: £23,000) were declared and paid in the year. On 12 January 2017 a special resolution was passed to cancel all of the paid up share capital of the total 100,000 6% First Cumulative Preference Shares of £0.50 each and the total 750,000 5.75% Second Cumulative Preference Shares of 50p each. Following the resolution the holders of the preference shares on the record date were paid up in full and the shares cancelled.

10. Tangible assets

	Fixtures and Fittings £'000	Computers £'000	Total £'000
Cost			
At 1 July 2017	218	33	251
At 30 June 2018	218	33	251
Accumulated Depreciation			
At 1 July 2017	218	33	251
Charge for the year	—	—	—
At 30 June 2018	218	33	251
Net book value			
At 30 June 2018	—	—	—
At 30 June 2017	—	—	—

11. Investments

	Inter-group shares £'000	Total £'000
Cost		
At 1 July 2017	72,593	72,593
Additions	1	1
At 30 June 2018	72,594	72,594
Amount provided		
At 1 July 2017	25,818	25,818
At 30 June 2018	25,818	25,818
Net book value		
At 30 June 2018	46,776	46,776
At 30 June 2017	46,775	46,775

Notes to the financial statements for the year ended 30 June 2018

11. Investments (continued)

Details of the subsidiary companies are listed below.

Subsidiary undertakings

Company	Percentage Shareholding	Country of incorporation	Business activity
International Fibres Group Limited*(1)	100%	England	Holdings and management company
IFG Asota GmbH (2)	100%	Austria	Producers of polypropylene staple fibre
Drake Extrusion, Inc (3)	100%	U.S.A.	Producers of polypropylene staple fibre and filament
IFG Drake Limited (1)	100%	England	Producers of polypropylene staple fibre and filament.
IFG Exelto NV *(4)	100%	Belgium	Producers of polypropylene staple fibre
IFG Cresco NV (5)	100%	Belgium	Producers of woven technical textiles
Terry Holdings (Horbury) Limited*(1)	100%	England	Holdings company
Speciality Coatings Group Limited*(1)	100%	England	Holdings company
Drighlington Fibres Limited*(1)	100%	England	Holdings company
Chapelthorpe Inc (3)	100%	U.S.A.	Holdings company
Chapelthorpe Investments Inc (3)	100%	U.S.A.	Holdings company
IFG Holdings Inc (3)	100%	U.S.A.	Holdings company

Other investments

Company	Percentage Shareholding	Country of incorporation	Business activity
Speciality Coatings (Darwen) Limited** (joint venture)	40%	England	Manufacturers of vinyl-base and plastisols for the wallcoverings industry.

*International Fibres Group (Holdings) Limited directly holds the equity share capital those marked *.

The other subsidiary undertakings are fully owned when taking into account indirect share holdings.

**Speciality Coatings (Darwen) Limited is a joint venture; the Group has a 40% investment in this company. On 7 March 2018 Speciality Coatings (Darwen) Limited entered Administration.

A full list of all Group companies is available from the registered office.

- (1) Registered office – Old Mills, Drighlington, Bradford, West Yorkshire, BD11 1BY
- (2) Registered office – Schachermayerstrasse 22, 4020 Linz, Austria
- (3) Registered office – 790 Industrial Park Road, Ridgeway, VA 24148, U.S.A.
- (4) Registered office – Nederzwijnaarde 2, B-9052 Gent Zwijnaarde, Belgium
- (5) Registered office – Weverslaan 15, 9160 Lokeren, Belgium

Notes to the financial statements for the year ended 30 June 2018

12. Debtors

	30 June 2018 £'000	30 June 2017 £'000
Amounts falling due within one year		
Amounts owed by Group companies	585	230
Other debtors	67	35
Prepayments and accrued income	32	60
	<hr/>	<hr/>
	684	325
	<hr/>	<hr/>

Amounts owed by Group companies are stated after a provision for impairment of £3,253,000 (2017: £3,028,000). These include a loan of £75k (2017: £75k) where interest is charged at 5% per annum and is payable on or before 30 June 2019. The remaining balances have no formal repayment terms and are deemed payable on demand.

13. Creditors: amounts falling due within one year

	30 June 2018 £'000	30 June 2017 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	4,903	5,984
Other taxes and social security costs	4	10
Other creditors	83	110
Accruals and deferred income	166	131
	<hr/>	<hr/>
	5,156	6,235
	<hr/>	<hr/>

Interest is charged on balances owed to Group undertakings at 5% per annum. The loans are unsecured. An amount of £1,138,000 is repayable on demand on, or before, 29 June 2021. At the balance sheet date amounts totalling £3,765,000 were repayable on or before 30 June 2019. Subsequent to the year end the repayment date for these amounts was extended to 30 June 2021.

14. Called up share capital

	30 June 2018 £'000	30 June 2017 £'000
Authorised		
100 ordinary shares of £100,000 each (2017: 100 shares of £100,000 each)	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 ordinary shares of £100,000 each (2017: 100 shares of £100,000 each)	10,000	10,000
	<hr/>	<hr/>

Notes to the financial statements for the year ended 30 June 2018

15. Contingent liabilities

Under the terms of the UK banking facilities the Company has guaranteed the net indebtedness of the following Group companies: Speciality Coatings Group Limited and International Fibres Group Limited. The net indebtedness at 30 June 2018 amounted to £nil (2017: £nil).

16. Retirement benefit obligations

The Company participates in a multi-employer defined benefit pension plan. This plan is operated on a Group basis that does not enable individual companies to identify their share of the underlying assets and liabilities. In accordance with International Accounting Standard No.19 "Retirement Benefits", the Company accounts for the plan in its financial statements as it is the principal employer of the Scheme.

Defined Benefit Scheme

The Chapelthorpe plc Pension Fund (the "Fund") is a defined benefit scheme providing benefits linked to salary at retirement or earlier date of leaving service. With effect from 5 September 2008 this scheme was closed to future accrual.

An actuarial valuation of the Chapelthorpe plc Pension Fund, using the protected unit credit method, was carried out at 5 April 2016 and updated to 30 June 2018 by Broadstone Corporate Benefits Limited, independent consulting actuaries. The major assumptions used by the actuary were:

	2018	2017
Discount rate	2.7%	2.6%
Salary increase	N/A	N/A
RPI inflation	3.2%	3.3%
CPI inflation	2.2%	2.3%
Pension increases (CPI maximum 5%)	2.2%	2.3%
Retirement healthcare cost trend rate	N/A	N/A
Post-retirement mortality	91% S2PMA / 88% S2PFA with CMI_2017 projections	91% S2PMA / 88% S2PFA with CMI_2015 projections with 1% trend from 2008

Notes to the financial statements for the year ended 30 June 2018

16. Retirement benefit obligations (continued)

The assets in the scheme were:

	Value at 30 June 2018 £'000	Value at 30 June 2017 £'000
Equities (quoted)	16,157	14,000
REITs (quoted)	12,932	14,331
Property Income (quoted)	10,849	10,400
Corporate Bonds (quoted)	14,044	13,968
Cash and net current assets (quoted)	738	779
Total value of assets at end of year	54,720	53,478
Value of liabilities at end of year	(52,600)	(56,041)
Surplus/(Deficit) in scheme	2,120	(2,563)
Restriction on recoverable surplus	(2,630)	n/a
Total surplus/(deficit) recognised	(510)	(2,563)
Related deferred tax assets	87	436
Net pension deficit	(423)	(2,127)

The defined benefit pension asset has been restricted as a result of a minimum funding requirement and the limit on recognition of surplus in accordance with IFRIC14.

Notes to the financial statements for the year ended 30 June 2018

16. Retirement benefit obligations (continued)

Reconciliation of value of scheme liabilities:	2018	2017
	£'000	£'000
Value of liabilities at start of year	56,041	57,124
Interest cost	1,421	1,660
Actuarial (gain)/losses	(2,099)	836
Benefits paid	(2,763)	(3,579)
Value of liabilities at end of year	52,600	56,041

Reconciliation of fair value of assets:	2018	2017
	£'000	£'000
Value of assets at start of year	53,478	49,021
Expected return on assets	1,359	1,426
Actuarial gains/(losses)	2,296	6,004
Contributions by the employer	350	606
Benefits paid	(2,763)	(3,579)
Value of assets at end of year	54,720	53,478

Scheme assets do not include any of International Fibres Group (Holdings) Limited's own financial instruments or any property occupied by International Fibres Group (Holdings) Limited.

Analysis of the amount charged to profit or loss is as follows:-	2018	2017
	£'000	£'000
Net Interest on the net defined benefit liability	62	234
Total recognised in profit and loss	62	234

Following the full actuarial valuation at 5 April 2016 a new schedule of contributions was agreed with the Trustees. The Employer's estimate of contributions to be paid over in the following year, as per the Schedule of Contributions, is £350,000.

Reconciliation of funded status:-

	2018	2017
	£'000	£'000
Value of assets at end of year	54,720	53,478
Value of liabilities at end of year	(52,600)	(56,041)
Funded status at end of year	2,120	(2,563)

On 7 March 2018, one of the Scheme's participating employers, Speciality Coatings (Darwen) Limited ("SCD"), entered Administration. Since that date it has been confirmed that SCD have withdrawn support from the plan.

Notes to the financial statements for the year ended 30 June 2018

16. Retirement benefit obligations (continued)

On 28 March 2018, the Trustees resolved to effect a partial wind-up in respect of SCD members. The newly created "SCD Section" has entered into a Pension Protection Fund ("PPF") assessment period, and it is likely that it will transfer to the PPF.

The trustees are working with the PPF to agree the apportionment of assets and liabilities between the SCD section and the remainder of the plan. As the apportionment is not yet agreed, the impact of SCD's Administration has not been allowed for in these disclosures.

17. Ultimate holding company

International Fibres Group AB, a company incorporated and registered in Sweden, is the immediate parent company. However, this company has not prepared consolidated financial statements at 30 June 2018.

Duroc AB (publ), a public company incorporated in Sweden (registration number: 556446-4286) is the parent company of International Fibres Group AB and is the smallest and largest group to consolidate these financial statements. Duroc AB (publ) is listed on Nasdaq OMX Stockholm, small cap. Copies of the Group financial statements for Duroc AB may be obtained from Bolagsverket, 851 81 Sundsvall, Sweden.

18. Related party transactions

There were no other related party transactions in the year such as are required to be disclosed in accordance with Financial Reporting Standard 102 Section 33 "Related Party Disclosures".

19. Post balance sheet events

Subsequent to the balance sheet date the company has approved that the following balances due from Group undertakings be waived. Both amounts at 30 June 2018 are included within Note 12 - Debtors: Amounts due within one year.

	£
Speciality Coatings Group Limited	102,768
International Fibres Group Limited	2

As the decision was made after the balance sheet date and represents a post year end non-adjusting balance sheet event these waivers will be reflected in the accounts to 30 June 2019.

On 5th November 2018 dividends of £1,539,000 were received from International Fibres Group Limited. On 5th November 2018 a dividend of £400,000 was declared and paid to International Fibres Group AB. On the same date an inter-company loan of £1,158,000 was repaid to International Fibres Group AB.