

Company Registration No. 2862980

Mondi Paper (UK) Limited

Financial Statements

31 December 2013

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Mondi Paper (UK) Limited

Financial statements

For the year ended 31 December 2013

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Mondi Paper (UK) Limited

Financial statements

For the year ended 31 December 2013

Officers and professional advisers

Directors

C A Hunt
A C W King
J C Paterson
P Wessels

Secretary

J L Hampshire

Registered Office

Building 1, 1st Floor
Aviator Park
Station Road
Addlestone
Surrey KT15 2PG

Bankers

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London EC2N 2DB

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

Mondi Paper (UK) Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2013. The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006 and accordingly no strategic report has been prepared.

Company registered number

2862980

Principal activity and future prospects

The Company was historically an investment holding company, having held an investment in Aylesford Newsprint Holdings Limited until 2012. During 2012 the Company disposed of its interest in Aylesford Newsprint Holdings Limited. The directors have the present intention of maintaining its business in its current form as an intermediary holding company in Mondi Group and believe the Company's future prospects to be satisfactory.

Basis other than going concern

The directors have considered that since the disposal of Aylesford Newsprint Holdings the Company no longer holds any investments and the Company has now ceased to trade. Accordingly the financial statements have been prepared on a basis other than going concern as required by FRS 18 Accounting Policies. No material adjustment arose as a result of ceasing to apply the going concern basis.

Results and dividends

The loss for the year after tax is £nil (2012: £42,763,391). The directors do not recommend the payment of a dividend for the year (2012: £nil). During 2012 the Company's shareholder Mondi Graphic Paper Holdings (UK) Limited subscribed for 100 new shares in the Company for a cash consideration of £22,872,768. The Company was subsequently acquired by Mondi Investments Limited.

The 2012 loss for the year includes a loss of £42,748,823 on the disposal of Aylesford Newsprint Holdings. The loss on disposal reflected the carrying value of the Company's investment subsequent to an equity injection of £35,309,257 into Aylesford Newsprint Holdings Limited, less the nominal consideration received.

Principal risks and uncertainties

The directors considered the risks attached to the Company's financial statements. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements.

The directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The Company had no hedged transactions during the period.

Directors

The directors, who held office during the year and to the date of this report, except as noted, were as follows:

C A Hunt
A C W King
J C Paterson
P Wessels

Mondi Paper (UK) 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 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 steps that he/she ought to have taken as a director to make himself/herself 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 section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and in accordance with the Companies Act 2006 are deemed to remain in office as auditor of the Company.

Approved by the Board of Directors on 30 July 2014
and signed on behalf of the Board



J L Hampshire
Secretary

Mondi Paper (UK) Limited

Directors' responsibilities statement

The directors are responsible for preparing 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 FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; 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 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

Independent auditor's report to the members of Mondi Paper (UK) Limited

We have audited the financial statements of Mondi Paper (UK) Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Mondi Paper (UK) Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the directors' report



William Smith, MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 July

2014

Mondi Paper (UK) Limited

Profit and loss account For the year ended 31 December 2013

	Notes	2013 £	2012 £
Operating expenses		-	(321)
Operating loss	4	-	(321)
Loss on disposal of joint venture	5	-	(42,748,823)
Total loss from operations		-	(42,749,144)
Interest receivable and similar income	6	-	61,510
Interest payable and similar charges	7	-	(75,757)
Loss on ordinary activities before taxation		-	(42,763,391)
Tax	8	-	-
Loss for the financial year		-	(42,763,391)

All amounts derive from continuing operations.

There are no recognised gains or losses for the current or preceding financial year other than the profit shown above and therefore no separate statement of other comprehensive income has been presented.

Mondi Paper (UK) Limited

Balance sheet 31 December 2013

	Notes	2013 £	2012 £	2011 £
Fixed assets				
Investments	9	-	-	7,439,567
Current assets				
Debtors – due within one year	10	1	1	12,470,489
Current liabilities				
Trade and other creditors	11	-	-	(19,432)
Net current assets		<u>1</u>	<u>1</u>	<u>12,451,057</u>
Net assets		<u>1</u>	<u>1</u>	<u>19,890,624</u>
Capital and reserves				
Share capital	12	200	200	100
Share premium		56,143,644	56,143,644	33,270,976
Profit and loss account		(56,143,843)	(56,143,843)	(13,380,452)
Total shareholders' funds		<u>1</u>	<u>1</u>	<u>19,890,624</u>

These financial statements were approved by the Board of Directors and authorised for issue on 30 July 2014.

Signed on behalf of the Board of Directors



J C Paterson
Director

Company registered number: 2862980

Mondi Paper (UK) Limited

Statement of changes in equity For the year ended 31 December 2013

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2012	100	33,270,976	(13,380,452)	19,890,624
Equity issued	100	22,872,668	-	22,872,768
Loss for the year	-	-	(42,763,391)	(42,763,391)
At 31 December 2012	200	56,143,644	(56,143,843)	1
Equity issued	-	-	-	-
Loss for the year	-	-	-	-
At 31 December 2013	200	56,143,644	(56,143,843)	1

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

1. General information

Mondi Paper (UK) Limited is a company incorporated in the United Kingdom under the Companies Act. 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 Directors' report on page 2.

These financial statements are separate financial statements. The company is exempt from the requirement to prepare consolidated financial statements, because it is included in the group accounts of Mondi plc. The group accounts are available to the public and can be obtained as set out in note 15.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2013 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Mondi plc. The group accounts are available to the public and can be obtained as set out in note 15.

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Going concern

The financial statements have been prepared on a basis other than that of a going concern basis as described in the going concern statement in the Directors' Report on page 2.

Investments

The investments are recorded at cost less any accumulated impairment.

Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

2. Significant accounting policies (continued)

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates of exchange prevailing at the reporting date. All exchange differences were accounted for in the Profit and loss account.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost, less any impairment.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, 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.

Valuation of investments

The Company assesses the value of its investments on an annual basis. The financial results and expected future cash flows of the Company's subsidiaries are used as part of the assessment.

Taxation

Deferred tax liabilities are recognised for all taxable temporary differences but, where there exist deductible temporary differences, management's judgment is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits

3. Directors and employees

The Company had no employees during the year (2012: none). The directors receive no remuneration or emoluments from the Company (2012: nil).

4. Loss on ordinary activities before taxation

The audit fee for the audit of the Company's financial statements of £3,000 (2012: £3,000) has been borne by Mondi plc in both years

5. Exceptional items

	2013 £	2012 £
Loss on disposal of joint venture	-	42,748,823

During 2012 the Company disposed of its investment in Aylesford Newsprint Holdings Limited. The loss on disposal reflects the carrying value of the Company's investment in Aylesford Newsprint Holdings Limited, less the nominal consideration received. Further information can be found in note 9.

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

6. Interest receivable and similar income

	2013 £	2012 £
Interest receivable from group undertakings	-	61,510
	-	61,510

Interest on amounts owing by group undertakings is earned at current market rates and amounts owing are payable on demand.

7. Interest payable and similar charges

	2013 £	2012 £
Interest payable to group undertakings	-	(75,757)
	-	(75,757)

Interest on amounts owing to group undertakings is charged at current market rates and amounts owing are payable on demand.

8. Tax

(a) Analysis of tax charge for the year

	2013 £	2012 £
Current tax		
UK Corporation tax	-	-
Total tax on loss on ordinary activities	-	-

(b) Factors affecting tax charge for the year

The total tax assessed for both years differ from the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	-	(42,763,391)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	-	10,477,031
Effects of:		
Loss on disposal of joint venture not deductible for tax purposes	-	(10,473,462)
Tax losses not recognised	-	(3,569)
Total tax charge for the year	-	-

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

8, Tax (continued)

The standard rate of UK Corporation Tax was reduced from 24% to 23% with effect from 1 April 2013. It has been announced and been substantially enacted on 2 July 2013 that the main rate will reduce to 21% with effect from 1 April 2014. A subsequent reduction to 20% with effect from 1 April 2015 has also been announced.

9. Investments

	2013 £	2012 £
Cost		
At 1 January	-	32,879,001
Additions	-	35,309,557
Disposal	-	(68,188,558)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>
Provisions for impairment		
At 1 January	-	(25,439,434)
Disposal	-	25,439,434
Impairments	-	-
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>
Net Book Value - 1 January	-	7,439,567
	<hr/>	<hr/>
Net Book Value - 31 December	-	-
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Prior to the disposal of Aylesford Newsprint Holdings Limited, the company injected equity of £35,309,257 into Aylesford Newsprint Holdings Limited. Mondi Paper (UK) Limited's joint venture partner in Aylesford Newsprint Holdings Limited injected an equivalent amount and therefore the shareholding in the company was not altered.

	2013 % Holding	2012 % Holding	2011 % Holding
Aylesford Newsprint Holdings Limited			
- 1,000,000 Ordinary 'A' shares of 1p each	-	-	-
- 1,000,000 Ordinary 'B' shares of 1p each	-	-	100
	<hr/>	<hr/>	<hr/>
Effective holding	-	-	50
	<hr/>	<hr/>	<hr/>

Group accounts are not presented as the Company is a wholly-owned subsidiary undertaking of Mondi plc, which is registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the Company is exempt under section 400 of the Companies Act 2006.

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

10. Trade and other debtors

	2013 £	2012 £	2011 £
Amounts owed by group undertakings	1	1	12,470,489

Interest on amounts owing by group undertakings is earned at current market rates and amounts owing are payable on demand.

11. Trade and other payables

	2013 £	2012 £	2011 £
Amounts owed to group undertakings	-	-	19,400
Other payables due within one year	-	-	32
	-	-	19,432

Interest on amounts owing to group undertakings is charged at current market rates and amounts owing are payable on demand.

12. Deferred tax

The Company has the following amounts in respect of which no deferred tax assets have been recognised due to the unpredictability of future profit streams or gains against which these could be utilised:

	2013 £	2012 £
Tax losses –trading		
At 1 January	14,568	-
Tax losses not recognised	-	14,568
At 31 December	14,568	14,568

The tax losses have no expiry date as at 31 December 2013 (2012: none) and may be carried forward indefinitely.

13. Share capital

	2013 £	2012 £	2011 £
Called up allotted and fully paid			
200 ordinary shares of £1 (2012: 200 ordinary shares of £1, 2011: 100 ordinary shares of £1)	200	200	100

During 2012, the Company's shareholder Mondi Graphic Paper Holdings (UK) Limited subscribed for 100 new shares in the Company for a cash consideration of £22,872,768

Mondi Paper (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

14. Related parties

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with joint ventures, associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions, in total, are not considered to be significant.

The following shows transactions and balances with companies which are not wholly owned by Mondi plc.

	2013	2012
	£	£
Loss on disposal of investment in related parties	-	(42,748,823)
Interest received from related parties	-	9,256

15. Ultimate parent company

The immediate parent company is Mondi Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and controlling entity is Mondi plc, a company incorporated in the United Kingdom and registered in England and Wales. Mondi plc is the parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared.

The financial statements of both Mondi Investments Limited and Mondi plc can be obtained from the Company Secretary, Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey KT15 2PG.

16. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2012 and the date of transition to FRS 101 was therefore 1 January 2012. The transition is not considered to have had a material effect on the Company's reported financial position, or financial performance