

# UFP (UK) Limited

Registered number: 02886891

## Directors' report and financial statements

For the year ended 31 December 2016

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**UFP (UK) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C Zarka S Arshad
<b>Company secretary</b>	N C Stokes
<b>Registered number</b>	02886891
<b>Registered office</b>	Enterprise House Roydsdale Way Euroway Trading Estate Bradford BD4 6SE
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor One St Peter's Square Manchester M2 3DE
<b>Bankers</b>	National Westminster Bank plc 7 Hustlergate Bradford BD1 1PP
<b>Solicitors</b>	Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW

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**UFP (UK) LIMITED**

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## UFP (UK) LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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The directors present their strategic report for UFP (UK) Limited for the year ended 31 December 2016.

#### Business review

The company continued its principal activities throughout the current year.

As reported in the company's profit and loss account, turnover has increased from £108.2m to £125.5m and gross profit margin has increased from 3.8% to 5.7% in the current period.

The balance sheet shows an increase in the net assets from the prior year, from £17.1m to £19.0m.

The trading environment continued to be challenging and price competitive in 2016. The company continued to trade profitably in 2016 and the directors are satisfied with the performance during the year and believe that UFP (UK) Limited remains in a strong position to expand its market share.

The directors expect turnover to increase with profitability and cash generation to improve in the foreseeable future.

#### Future developments

The company continues to research, invest and implement best in class methods which, together with continual innovation, lead to improved efficiencies and tighter cost control. The company will continue to pursue increased efficiencies for its customers which will safeguard margins in the next twelve months.

Overall the company is well placed in terms of strategic and market position to maximise its ability to generate sales and satisfy customer demand and the directors believe that the company is in a strong position to expand its market share.

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## **UFP (UK) LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Principal risks and uncertainties**

Management continually monitor the key risks facing the company together with assessing the controls used for managing these risks.

#### **Financial instruments**

The company's principal financial instruments comprise an invoice discounting facility, foreign exchange contracts, trade debtors and trade creditors. The main purpose of these instruments is to finance the company's working capital requirements.

In respect of the invoice discounting facility, the liquidity risk is managed by ensuring that sufficient headroom is available.

Trade debtors are managed in respect of credit and cash flow risk by robust policies and formal agreements in respect of the level of credit offered to customers and the regular monitoring of amounts outstanding in respect of both time and value. The amounts presented in the balance sheet are net of provisions for any doubtful debts.

The existence of these financial instruments exposes the company to a number of financial risks. In order to manage the company's exposure to those risks, in particular the company's exposure to currency risk, the company enters into a number of transactions including, but not limited to, forward foreign currency contracts.

All these transactions are undertaken to manage the risks arising from the underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, cash flow risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks. These policies have remained unchanged from previous years.

#### **Financial risk**

The financial risk to the company is keeping abreast of both pricing and availability in the market on a daily basis in order to ensure that we obtain the best deal for our customers at a reasonable margin. The company prides itself on its creditor payment policy and ensuring that creditors are paid on time and within terms as agreed.

#### **Operational risk**

The company has solid reporting systems and as a result produces timely and accurate management information, which is regularly reviewed by the directors. The IT infrastructure that has been developed and put in place by the business also helps to deliver the first class customer service mentioned below.

#### **Market risk**

The major risks to the business are customer loss through non-competitive pricing or poor service.

The company mitigates these risks by continually monitoring market prices, ensuring a flexible approach and tailoring its financial commitments to the length of its customer contracts, providing a first class service to customers. The directors are focused on developing their relationships and volume of business with existing customers whilst at the same time identifying and bringing on board new customers who can benefit from the company's services.

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**UFP (UK) LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Financial key performance indicators**

The directors consider the financial KPI's of the business to be :

Turnover;  
Gross Profit Margin;  
Capital Expenditure; and  
Headcount

These are monitored on a monthly basis and resultant actions are taken as and when necessary.


In addition non-financial KPI's are:

High standard of customer service;  
Health & safety compliance; and  
Environmental issues.

This report was approved by the board on

*11<sup>th</sup> July 2017*

and signed on its behalf.

  
**N C Stokes**  
Secretary

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## UFP (UK) LIMITED

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### **Principal activity**

The principal activity of the company is the provision of computer consumables and office supplies.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,948,062 (2015 - loss £250,499).

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The company's forecasts and projections show that the company will be able to operate well within the current working capital facility.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

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**UFP (UK) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Directors**

The directors who served during the year were:

C Zarka  
S Arshad

**Matters covered in the strategic report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the Strategic Report.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

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

This report was approved by the board on 11<sup>th</sup> July 2017 and signed on its behalf.

  
N C Stokes  
Secretary



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**UFP (UK) LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UFP (UK) LIMITED**

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We have audited the financial statements of UFP (UK) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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. 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.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on the other matter 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 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.

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UFP (UK) LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UFP (UK) LIMITED

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**Matters on which we are required to report by exception**

In 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 in the Directors' Report.

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.



Neil Barton (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square  
Manchester  
M2 3DE

Date: 13 Jun 2017

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UFP (UK) LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

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	Note	2016 £	2015 £
Turnover	3	125,517,902	108,164,579
Cost of sales		(118,311,450)	(104,061,889)
<b>Gross profit</b>		<b>7,206,452</b>	<b>4,102,690</b>
Distribution costs		(2,455,022)	(2,061,555)
Administrative expenses		(2,173,583)	(2,321,457)
<b>Operating profit/(loss)</b>	4	<b>2,577,847</b>	<b>(280,322)</b>
Interest receivable and similar income	8	9,353	78
Interest payable and expenses	9	(144,156)	(126,618)
<b>Profit/(loss) before tax</b>		<b>2,443,044</b>	<b>(406,862)</b>
Tax on profit/(loss)	10	(494,982)	156,363
<b>Profit/(loss) for the year</b>		<b>1,948,062</b>	<b>(250,499)</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 12 to 31 form part of these financial statements.

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UFP (UK) LIMITED  
REGISTERED NUMBER: 02886891

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STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

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	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	172,319	26,810
Tangible assets	12	3,175,522	3,098,699
Investments	13	2	2
		<u>3,347,843</u>	<u>3,125,511</u>
<b>Current assets</b>			
Stocks	14	13,956,212	15,008,930
Debtors: amounts falling due within one year	15	21,663,190	18,937,848
Cash at bank and in hand	16	61,667	132
		<u>35,681,069</u>	<u>33,946,910</u>
Creditors: amounts falling due within one year	17	(20,011,262)	(20,002,833)
<b>Net current assets</b>		<u>15,669,807</u>	<u>13,944,077</u>
<b>Total assets less current liabilities</b>		<u>19,017,650</u>	<u>17,069,588</u>
<b>Net assets</b>		<u><u>19,017,650</u></u>	<u><u>17,069,588</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	527,778	527,778
Profit and loss account		18,489,872	16,541,810
		<u>19,017,650</u>	<u>17,069,588</u>

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



S Arshad  
Director

The notes on pages 12 to 31 form part of these financial statements.

11 JULY 2017

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**UFP (UK) LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	527,778	16,541,810	17,069,588
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,948,062	1,948,062
<b>Total comprehensive income for the year</b>	-	1,948,062	1,948,062
<b>At 31 December 2016</b>	<b>527,778</b>	<b>18,489,872</b>	<b>19,017,650</b>

**Reserves**

The retained earnings reserve represents profits and losses retained in the current period.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	527,778	16,792,309	17,320,087
<b>Comprehensive income for the year</b>			
Loss for the year	-	(250,499)	(250,499)
<b>Total comprehensive income for the year</b>	-	(250,499)	(250,499)
<b>At 31 December 2015</b>	<b>527,778</b>	<b>16,541,810</b>	<b>17,069,588</b>

The notes on pages 12 to 31 form part of these financial statements.

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**UFP (UK) LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	1,948,062	(250,499)
<b>Adjustments for:</b>		
Amortisation of intangible assets	15,123	25,190
Depreciation of tangible assets	108,105	93,160
Interest paid	144,156	126,618
Interest received	(9,353)	(78)
Taxation charge	494,982	(156,363)
Decrease/(increase) in stocks	1,052,718	(3,265,786)
Increase in debtors	(2,830,081)	(2,837,956)
Increase/(decrease) in creditors	2,027,191	(1,951,712)
Net fair value gains recognised in income statement	(37,802)	(397,458)
Corporation tax paid	(242,117)	(104,969)
<b>Net cash generated from operating activities</b>	<u>2,670,984</u>	<u>(8,719,853)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(160,632)	(12,797)
Purchase of tangible fixed assets	(184,929)	(37,504)
Interest received	9,353	78
<b>Net cash from investing activities</b>	<u>(336,208)</u>	<u>(50,223)</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	-	(59,266)
Movements on invoice discounting	(2,139,181)	9,664,156
Interest paid	(144,156)	(126,618)
<b>Net cash used in financing activities</b>	<u>(2,283,337)</u>	<u>9,478,272</u>
<b>Net increase in cash and cash equivalents</b>	51,439	708,196
Cash and cash equivalents at beginning of year	(518,579)	(1,226,775)
<b>Cash and cash equivalents at the end of year</b>	<u>(467,140)</u>	<u>(518,579)</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	61,667	132
Bank overdrafts	(528,807)	(518,711)
	<u>(467,140)</u>	<u>(518,579)</u>

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## UFP (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. Accounting policies

##### 1.1 General information

UFP (UK) Limited ("the Company") is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Enterprise House, Roydsdale Way, Euroway Trading Estate, Bradford, BD4 6SE.

The Company is 90% owned by UFP International SA, a Company incorporated in France. UFP International SA prepares financial statements which consolidate the results of the Company and its subsidiaries. Copies of the Group's financial statements may be obtained from UFP International SA, at their registered office and principal place of business which is 1-3 Rue de la Cokerie, ZAC du Cornillon, BP72, 93213 St Denis La Plaine Cedex, France.

The primary economic environment in which the Company operates is governed by Pounds Sterling, and as such, the Company's financial statements have been prepared and presented in this currency.

##### 1.2 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the Directors' report. The Directors are confident that the company's relations with its customers and suppliers leave the company well placed to manage its business risks successfully despite the current economic difficulties. The company is able to meet its day to day working capital requirements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it will be able to operate within the level of its current facilities for the foreseeable future.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.4 Revenue**

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

**Sale of goods**

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

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

**1.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Computer software	-	25 % straight line
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the methods below.

Freehold property	-	2% straight line
Plant & machinery	-	25% reducing balance
Fixtures & fittings	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**1.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**1.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**1.12 Financial instruments**

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each period end. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**1.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.14 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

**1.15 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.16 Pensions**

**Defined contribution pension plan**

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

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

**1.17 Interest income**

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

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.18 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**1.19 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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.

**Critical judgements in applying the accounting policies**

The critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

**(i) Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment associated with tangible assets and investments in subsidiary undertakings, the directors have considered both external and internal sources of information such as market values, changes in technological, economic and legal environments, evidence of obsolescence or physical damage of assets and declines in economic performance.

**(ii) Accounting for rebates and rebates receivables**

Provision is made for rebate income receivable at the year end, calculated using agreed rates with suppliers and turnover for the period.

**(iii) Accounting for rebates payable**

Provision is made for rebates payable at the year end, calculated using agreed rates with customers and turnover for the period.

**(iv) Bad debt provisions**

Provision is made for any overdue invoices where the directors consider there to be a significant risk of loss.

**(v) Slow moving and obsolete stock provisions**

Provision is made for stock which is slow moving or not usable.

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Judgments in applying accounting policies (continued)****Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(i) Determining residual values and useful economic lives of tangible assets**

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible assets. When determining the residual value management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

**3. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	123,313,785	103,039,298
Rest of Europe	2,204,117	5,125,281
	<u>125,517,902</u>	<u>108,164,579</u>

**4. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	108,105	93,160
Amortisation of intangible assets	15,123	25,190
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	25,500	25,000
Exchange differences	128,103	606,793
Other operating lease rentals	61,419	64,854
Defined contribution pension cost	<u>54,701</u>	<u>53,664</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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5. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	25,500	25,000
	<u>25,500</u>	<u>25,000</u>
<b>Fees payable to the Company's auditor in respect of:</b>		
The auditing of accounts of other group companies	14,500	14,000
Tax compliance services	7,100	7,300
All other services	2,500	8,100
	<u>24,100</u>	<u>29,400</u>

6. Employees

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

	2016 £	2015 £
Wages and salaries	2,448,469	2,290,432
Social security costs	243,296	210,491
Cost of defined contribution scheme	54,701	53,664
	<u>2,746,466</u>	<u>2,554,587</u>

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

	2016 No.	2015 No.
Distribution	39	40
Management and administration	25	27
Sales	24	28
	<u>88</u>	<u>95</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**7. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	301,508	191,398
Company contributions to defined contribution pension schemes	7,200	7,200
	<u>308,708</u>	<u>198,598</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £301,508 (2015 - £191,398).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,200 (2015 - £7,200).

Key management personnel of the company are considered to be the directors. Total compensation paid to key management personnel is shown above.

**8. Interest receivable**

	2016 £	2015 £
Interest receivable from group companies	2	40
Other interest receivable	9,351	38
	<u>9,353</u>	<u>78</u>

**9. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	383	2,120
Other loan interest payable	143,686	118,692
Loans from group undertakings	87	106
Other interest payable	-	5,700
	<u>144,156</u>	<u>126,618</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	494,900	(137,500)
Adjustments in respect of previous periods	82	(18,863)
<b>Total current tax</b>	<u>494,982</u>	<u>(156,363)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u><u>494,982</u></u>	<u><u>(156,363)</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	<u>2,443,044</u>	<u>(406,862)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	488,609	(82,390)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	10,655	12,356
Fixed asset differences	5,424	5,490
Adjustments to corporation tax charge in respect of prior periods	82	(18,863)
Other differences leading to an increase (decrease) in the tax charge	5,318	(72,956)
Group relief	(15,106)	-
<b>Total tax charge for the year</b>	<u><u>494,982</u></u>	<u><u>(156,363)</u></u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**11. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2016	180,448
Additions	160,632
At 31 December 2016	<u>341,080</u>
<b>Amortisation</b>	
At 1 January 2016	153,638
Charge for the year	15,123
At 31 December 2016	<u>168,761</u>
<b>Net book value</b>	
At 31 December 2016	<u>172,319</u>
At 31 December 2015	<u>26,810</u>

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**12. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2016	3,221,916	615,800	793,455	4,631,171
Additions	-	143,321	41,608	184,929
At 31 December 2016	3,221,916	759,121	835,063	4,816,100
At 1 January 2016	368,105	501,436	662,932	1,532,473
Charge for the period on owned assets	27,120	50,661	30,324	108,105
At 31 December 2016	395,225	552,097	693,256	1,640,578
<b>Net book value</b>				
At 31 December 2016	2,826,691	207,024	141,807	3,175,522
At 31 December 2015	2,853,811	114,365	130,523	3,098,699

Included in freehold property is freehold land at cost of £500,000 (2015: £500,000) which is not depreciated.

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold	2,826,691	2,853,811

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**13. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2016	2
At 31 December 2016	2
<b>Net book value</b>	
At 31 December 2016	2
At 31 December 2015	2

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
OfficeXpress International Limited	Ordinary	100 %	Dormant
E-Tech Supplies Limited	Ordinary	100 %	Dormant

These companies have not been consolidated with UFP (UK) Limited due to their immaterial size and due to them being dormant.

**14. Stocks**

	2016 £	2015 £
Goods for resale	13,956,212	15,008,930

The value of impairment losses recognised during the year were £99,982 (2015: £123,859).

The total value of goods pledged as security for liabilities is £13,956,212 (2015: £15,008,930).

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**15. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	20,647,135	17,402,862
Amounts owed by group undertakings	5,001	3,163
Other debtors	-	141,783
Prepayments and accrued income	974,010	1,390,040
Financial instruments	37,044	-
	<u>21,663,190</u>	<u>18,937,848</u>

**16. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	61,667	132
Less: bank overdrafts	(528,807)	(518,711)
	<u>(467,140)</u>	<u>(518,579)</u>

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**17. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank overdrafts	528,807	518,711
Invoice discounting liability	12,039,899	14,179,080
Trade creditors	2,488,188	1,694,870
Amounts owed to group undertakings	3,267,549	1,167,216
Corporation tax	111,082	-
Taxation and social security	403,875	1,530,054
Other creditors	47,881	47,918
Accruals and deferred income	1,123,981	864,226
Financial instruments	-	758
	<u>20,011,262</u>	<u>20,002,833</u>

The total amount of creditors due within one year for which the Company has given security is £12,568,706 (2015: £14,697,791).

The bank holds the following securities:

A First Legal Mortgage Debenture dated 7 November 2002 over the freehold property of the company.

An Unscheduled Mortgage Debenture dated 18 November 1998 incorporating a fixed and floating charge over all current and future assets of the company.

A Mortgage Debenture dated 28 June 2004 incorporating a fixed and floating charge over all current and future assets of the company.

A Guarantee dated 3 August 2004, relating to amounts owed to the invoice discounting company, incorporates a fixed and floating charge over all current and future assets of the company.

The invoice discounting facility is secured on the sales ledger balances.

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**18. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Cash at bank and in hand	61,667	132
Financial assets that are debt instruments measured at amortised cost	20,652,134	17,547,807
Derivative financial instruments measured at fair value through profit or loss	37,044	-
	<u>20,750,845</u>	<u>17,547,939</u>
<b>Financial liabilities</b>		
Derivative financial instruments measured at fair value through profit or loss	-	(758)
Financial liabilities measured at amortised cost	(7,456,405)	(4,292,941)
	<u>(7,456,405)</u>	<u>(4,293,699)</u>

Financial assets measured at amortised cost comprise trade and other debtors and amounts owed by group undertakings.

Derivative financial instruments comprise of the fair value movement in relation to forward currency contracts.

Financial Liabilities measured at amortised cost comprise bank overdrafts, trade and other creditors, amounts owed to group undertakings and accruals and deferred income.

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**19. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
527,778 Ordinary shares of £1 each	527,778	527,778

Ordinary shares carry one vote each and have normal distribution rights.

**20. Contingent liabilities**

The bank holds a set-off arrangement in the form of a Composite Guarantee dated 3 August 2002 between the company and a fellow group company, OfficeXpress Europe Limited.

At the year end the exposure relating to the guarantee was £18,181 (2015: £22,034).

**21. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £54,701 (2015: £53,664). Contributions totalling £9,596 (2015: £9,734) were payable to the fund at the reporting date and are included within other creditors.

**22. Commitments under operating leases**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	24,254	47,433
Later than 1 year and not later than 5 years	29,329	9,459
	<u>53,583</u>	<u>56,892</u>

Lease payments recognised as an expense during the year were £61,419 (2015: £64,854).

**23. Other financial commitments**

As at the year end the company had committed to foreign exchange contracts amounting to £2,081,537 (2015: £713,974) to purchase Euros. The fair value movement in respect of these contracts is shown within debtors and creditors.



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## UFP (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 24. Related party transactions

During the year the company entered into transactions under normal commercial terms with Easy Supplies Limited, a company owned by the brother of S Arshad. The transactions comprised sales totalling £37,755 (2015: £83,863).

During the year the company entered into transactions under normal commercial terms with HSA Consultants Limited, a company owned by the brother of S Arshad. The transactions comprised services rendered totalling £31,605 (2015: £31,040).

During the year costs of £170,906 (2015: £190,097) were recharged by CSKZ Investissements an entity within the UFP International SA group.

During the year the company made sales of £6,194,110 (2015: £6,269,284) and purchases of £20,762 (2015: £640,802) with OfficeXpress Europe Limited, an entity within the UFP International SA group.

During the year the company made sales of £12,599 (2015: £11,281) to UFP Deutschland GmbH an entity within the UFP International SA group and purchases from UFP Deutschland GmbH of £41,335 (2015: £57,791).

During the year the company made sales of £124,678 (2015: £207,909) to UFP Espana SA an entity within the UFP International SA group.

During the year the company made purchases of £56,038,161 (2015: £51,005,201) and sales of £nil (2015: £31,627) with UFP International SA.

Balances due from/(owed to) related parties at the year end are shown below;

	2016 £	2015 £
OfficeXpress Europe Limited	(1,052,176)	(1,008,685)
UFP International SA	(2,214,946)	(135,636)
UFP Espana SA	5,001	3,163
UFP Deutschland GmbH	(425)	(453)
	<u>          </u>	<u>          </u>

#### 25. Comparative figures

Computer software with a net book value of £26,810 at 31 December 2015 has been reclassified to intangible fixed assets from tangible fixed assets in the current year to better reflect its nature.

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**UFP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**26. Controlling party**

The directors do not believe there to be an ultimate controlling party.

The parent and ultimate parent undertaking of the company is *UFP International SA*, incorporated in France.

The smallest and largest group of undertakings for which group accounts have been drawn up is that headed by *UFP International SA*, incorporated in France. Copies of the group accounts can be obtained from 1-3 Rue de la Cokerie, ZAC du Cornillon, BP72, 93213 St Denis La Plaine Cedex, France.