

NORTHERN PAPER BOARD LIMITED

FINANCIAL STATEMENTS

28 FEBRUARY 2013



ArmstrongWatson[®]
Accountants & Financial Advisers

NORTHERN PAPER BOARD LIMITED

COMPANY INFORMATION

DIRECTORS

J F Curran
P A Curran

COMPANY SECRETARY

P A Curran

REGISTERED NUMBER

03503260

REGISTERED OFFICE

Engine Shed Lane
Skipton
North Yorkshire
BD23 1TX

INDEPENDENT AUDITORS

Armstrong Watson
Chartered Accountants & Statutory Auditors
Number 3
Acorn Business Park
Keighley Road
Skipton
North Yorkshire
BD23 2UE

NORTHERN PAPER BOARD LIMITED

CONTENTS

| | Page |
|--|---------------|
| Directors' report | 1 - 3 |
| Independent auditors' report | 4 - 5 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Cash flow statement | 8 |
| Notes to the financial statements | 9 - 18 |

NORTHERN PAPER BOARD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2013

The directors present their report and the financial statements for the year ended 28 February 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

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

The principal activity of the company during the year was that of paper, board and fabric merchants.

BUSINESS REVIEW

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties faced.

The key financial performance indicators are those that communicate the financial performance and strength of the company as a whole. These being turnover, gross margin and return on capital employed.

The directors have implemented a strategy to enable growth, entering new markets and diversifying the business, based on a 3-10 year plan. As a result turnover has increased by approximately £473,000 (5.7%) due to this strategy, and it is hoped that the growth plans will gather pace.

The gross profit margin has increased by approximately £200,000 (1.3%) during the year as a result of efficiencies obtained through the use of robots creating less waste and increased capacity. Difficulties bringing the robots into production have meant that the margin is lower than the directors would have hoped.

NORTHERN PAPER BOARD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2013

Return on capital employed is 25% (2012 - 30%) and is calculated by operating profit divided by total assets less current liabilities

Over the past four years the company has continued to invest in production technology to meet the ever changing needs of their customers and the boxes they use. The company is investing heavily in research and development to develop specialist technologies to increase capacity and improve profit margins.

RESULTS

The profit for the year, after taxation, amounted to £456,700 (2012 - £408,805)

DIRECTORS

The directors who served during the year were

J F Curran
P A Curran

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Risk

The company's operations expose it to a variety of financial risks that include the effect in changes in credit, liquidity and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Credit Risk

The company has implemented policies that require appropriate credit checks on customers before sales are made.

Liquidity Risk

The directors believe that the company has sufficient funds available to support its activities in the future.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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 auditors are aware of that information.

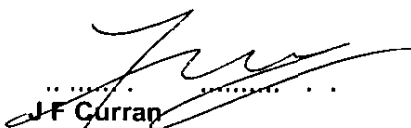
NORTHERN PAPER BOARD LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2013**

AUDITORS

The auditors, Armstrong Watson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf


J.F. Curran
Director

Date 15 November 2013

NORTHERN PAPER BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NORTHERN PAPER BOARD LIMITED

We have audited the financial statements of Northern Paper Board Limited for the year ended 28 February 2013, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 AUDITORS

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

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.

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 28 February 2013 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 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.

NORTHERN PAPER BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NORTHERN PAPER BOARD LIMITED

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



David Richmond (Senior statutory auditor)
for and on behalf of
Armstrong Watson
Chartered Accountants
Statutory Auditors
Skipton

15 November 2013

NORTHERN PAPER BOARD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2013

| | Note | 2013 £ | 2012 £ |
|--|------|-----------------------|--------------------|
| TURNOVER | 1,2 | 8,767,624 | 8,294,524 |
| Cost of sales | | <u>(7,100,703)</u> | <u>(6,827,623)</u> |
| GROSS PROFIT | | 1,666,921 | 1,466,901 |
| Administrative expenses | | <u>(1,086,833)</u> | <u>(955,991)</u> |
| OPERATING PROFIT | 3 | 580,088 | 510,910 |
| Interest receivable and similar income | | 474 | 405 |
| Interest payable and similar charges | 6 | <u>(2,419)</u> | <u>(2,419)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 578,143 | 508,896 |
| Tax on profit on ordinary activities | 7 | <u>(121,443)</u> | <u>(100,091)</u> |
| PROFIT FOR THE FINANCIAL YEAR | 15 | <u>456,700</u> | <u>408,805</u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 9 to 18 form part of these financial statements

NORTHERN PAPER BOARD LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2013

| | Note | 28 February 2013 £ | 29 February 2012 £ |
|--|------|--------------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 964,346 | 753,994 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 509,286 | 594,872 |
| Debtors | 10 | 2,115,517 | 1,874,472 |
| Cash at bank | | <u>768,203</u> | <u>466,163</u> |
| | | 3,393,006 | 2,935,507 |
| CREDITORS amounts falling due within one year | 11 | <u>(2,063,176)</u> | <u>(2,002,210)</u> |
| NET CURRENT ASSETS | | <u>1,329,830</u> | <u>933,297</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,294,176 | 1,687,291 |
| CREDITORS. amounts falling due after more than one year | 12 | (410,626) | (12,747) |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred tax | 13 | <u>(113,481)</u> | <u>(61,175)</u> |
| NET ASSETS | | <u>1,770,069</u> | <u>1,613,369</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 2 | 2 |
| Profit and loss account | 15 | <u>1,770,067</u> | <u>1,613,367</u> |
| SHAREHOLDERS' FUNDS | 16 | <u>1,770,069</u> | <u>1,613,369</u> |

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


J F Curran
Director

Date 15 November 2013

The notes on pages 9 to 18 form part of these financial statements

NORTHERN PAPER BOARD LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2013**

| | Note | 2013 £ | 2012 £ |
|---|------|-----------------------|----------------------|
| Net cash flow from operating activities | 18 | 512,289 | 554,974 |
| Returns on investments and servicing of finance | 19 | (1,945) | (2,014) |
| Taxation | | (89,886) | (93,763) |
| Capital expenditure and financial investment | 19 | (408,072) | (364,042) |
| CASH INFLOW BEFORE FINANCING | | 12,386 | 95,155 |
| Financing | 19 | 289,654 | (20,828) |
| INCREASE IN CASH IN THE YEAR | | <u>302,040</u> | <u>74,327</u> |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 28 FEBRUARY 2013**

| | 2013 £ | 2012 £ |
|--|-----------------------|-----------------------|
| Increase in cash in the year | 302,040 | 74,327 |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | <u>(289,654)</u> | <u>20,828</u> |
| CHANGE IN NET DEBT RESULTING FROM CASH FLOWS | 12,386 | 95,155 |
| Net funds at 1 March 2012 | <u>432,137</u> | <u>336,982</u> |
| NET FUNDS AT 28 FEBRUARY 2013 | <u>444,523</u> | <u>432,137</u> |

The notes on pages 9 to 18 form part of these financial statements

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Revenue is recognised when goods are dispatched

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

| | | |
|-----------------------|---|-------------|
| Plant and machinery | - | 15% on cost |
| Motor vehicles | - | 25% on cost |
| Fixtures and fittings | - | 25% on cost |

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

1 ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2 TURNOVER

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

| | 2013 £ | 2012 £ |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | | |
| - owned by the company | 148,978 | 129,789 |
| - held under finance leases | 48,742 | 21,530 |
| Auditors' remuneration | <u>4,300</u> | <u>5,000</u> |

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

| | 2013 £ | 2012 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 294,529 | 295,332 |
| Social security costs | 29,386 | 29,796 |
| Other pension costs | 2,758 | 4,865 |
| | <u>326,673</u> | <u>329,993</u> |

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

| | 2013 No. | 2012 No |
|----------------|-------------|------------|
| Production | 10 | 10 |
| Administration | 6 | 6 |
| | <u>16</u> | <u>16</u> |

5 DIRECTORS' REMUNERATION

| | 2013 £ | 2012 £ |
|--------------|---------------|---------------|
| Remuneration | <u>84,757</u> | <u>80,563</u> |

6. INTEREST PAYABLE

| | 2013 £ | 2012 £ |
|---|--------------|--------------|
| On finance leases and hire purchase contracts | <u>2,419</u> | <u>2,419</u> |

7 TAXATION

| | 2013 £ | 2012 £ |
|--|---------------|---------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 144,444 | 89,886 |
| Adjustments in respect of prior periods | (75,307) | - |
| | <u>69,137</u> | <u>89,886</u> |

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

7 TAXATION (CONTINUED)

| | | |
|--|----------------|----------------|
| Total current tax | <u>69,137</u> | <u>89,886</u> |
| Deferred tax (see note 13) | | |
| Origination and reversal of timing differences | <u>52,306</u> | <u>10,205</u> |
| Tax on profit on ordinary activities | <u>121,443</u> | <u>100,091</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

| | 2013 £ | 2012 £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | <u>578,143</u> | <u>508,896</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%) | 138,754 | 132,313 |
| Effects of. | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 1,754 | 1,842 |
| Capital allowances for year in excess of depreciation | 4,603 | (6,821) |
| Tax on capitalised revenue expenditure | - | (32,223) |
| Tax chargeable at higher rates adjustment | 856 | 619 |
| Adjustments to tax charge in respect of prior periods | (75,307) | - |
| Marginal relief | (1,523) | (5,844) |
| Current tax charge for the year (see note above) | <u>69,137</u> | <u>89,886</u> |

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

8. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|-----------------------|-----------------------------|------------------------|-------------------------------|------------------|
| Cost | | | | |
| At 1 March 2012 | 1,270,164 | 102,816 | 92,500 | 1,465,480 |
| Additions | <u>371,654</u> | <u>20,750</u> | <u>15,668</u> | <u>408,072</u> |
| At 28 February 2013 | <u>1,641,818</u> | <u>123,566</u> | <u>108,168</u> | <u>1,873,552</u> |
| Depreciation | | | | |
| At 1 March 2012 | 606,843 | 41,206 | 63,437 | 711,486 |
| Charge for the year | <u>156,701</u> | <u>29,142</u> | <u>11,877</u> | <u>197,720</u> |
| At 28 February 2013 | <u>763,544</u> | <u>70,348</u> | <u>75,314</u> | <u>909,206</u> |
| Net book value | | | | |
| At 28 February 2013 | <u>878,274</u> | <u>53,218</u> | <u>32,854</u> | <u>964,346</u> |
| At 29 February 2012 | <u>663,321</u> | <u>61,610</u> | <u>29,063</u> | <u>753,994</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

| | 28 February 2013 £ | 29 February 2012 £ |
|---------------------|--------------------------|--------------------------|
| Plant and machinery | 361,441 | - |
| Motor vehicles | 35,232 | 56,763 |
| | <u>396,673</u> | <u>56,763</u> |

9. STOCKS

| | 28 February 2013 £ | 29 February 2012 £ |
|---------------|--------------------------|--------------------------|
| Raw materials | <u>509,286</u> | <u>594,872</u> |

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

10 DEBTORS

| | 28 February 2013 £ | 29 February 2012 £ |
|--------------------------------|--------------------------|--------------------------|
| Trade debtors | 2,032,673 | 1,865,916 |
| Other debtors | 75,307 | - |
| Prepayments and accrued income | 7,537 | 8,556 |
| | <u>2,115,517</u> | <u>1,874,472</u> |

11 CREDITORS: Amounts falling due within one year

| | 28 February 2013 £ | 29 February 2012 £ |
|--|--------------------------|--------------------------|
| Net obligations under finance leases and hire purchase contracts | 107,754 | 21,279 |
| Trade creditors | 998,287 | 1,280,689 |
| Corporation tax | 144,444 | 89,886 |
| Other taxation and social security | 164,705 | 142,558 |
| Directors current accounts | 524,202 | 453,440 |
| Other creditors | 109,123 | 450 |
| Accruals and deferred income | 14,661 | 13,908 |
| | <u>2,063,176</u> | <u>2,002,210</u> |

The hire purchase creditors are secured against the items to which they relate

12. CREDITORS: Amounts falling due after more than one year

| | 28 February 2013 £ | 29 February 2012 £ |
|--|--------------------------|--------------------------|
| Net obligations under finance leases and hire purchase contracts | 215,926 | 12,747 |
| Trade creditors | 194,700 | - |
| | <u>410,626</u> | <u>12,747</u> |

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

| | 28 February 2013 £ | 29 February 2012 £ |
|----------------------------|--------------------------|--------------------------|
| Between two and five years | <u>215,926</u> | <u>12,747</u> |

The hire purchase creditors are secured against the items to which they relate

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

13. DEFERRED TAXATION

| | 28 February 2013 £ | 29 February 2012 £ |
|-----------------------|--------------------------|--------------------------|
| At beginning of year | 61,175 | 50,970 |
| Charge for year (P&L) | 52,306 | 10,205 |
| | <hr/> | <hr/> |
| At end of year | <u>113,481</u> | <u>61,175</u> |

The provision for deferred taxation is made up as follows

| | 28 February 2013 £ | 29 February 2012 £ |
|--------------------------------|--------------------------|--------------------------|
| Accelerated capital allowances | <u>113,481</u> | <u>61,175</u> |

14. SHARE CAPITAL

| | 28 February 2013 £ | 29 February 2012 £ |
|--|--------------------------|--------------------------|
| Allotted, called up and fully paid | | |
| 95 (2012 - 2 ordinary shares of £1 each) Ordinary A shares of £0 01 each | 0 95 | 2 |
| 95 Ordinary B shares of £0 01 each | 0.95 | - |
| 5 Ordinary C shares of £0 01 each | 0 05 | - |
| 5 Ordinary D shares of £0 01 each | 0 05 | - |
| | <hr/> | <hr/> |
| | <u>2</u> | <u>2</u> |

15. RESERVES

| | Profit and loss account £ |
|-------------------------------|---------------------------------|
| At 1 March 2012 | 1,613,367 |
| Profit for the financial year | 456,700 |
| Dividends Equity capital | (300,000) |
| | <hr/> |
| At 28 February 2013 | <u>1,770,067</u> |

NORTHERN PAPER BOARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2013**

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 28 February 2013 £ | 29 February 2012 £ |
|-------------------------------|--------------------------|--------------------------|
| Opening shareholders' funds | 1,613,369 | 1,204,564 |
| Profit for the financial year | 456,700 | 408,805 |
| Dividends (Note 17) | <u>(300,000)</u> | <u>-</u> |
| Closing shareholders' funds | <u>1,770,069</u> | <u>1,613,369</u> |

17 DIVIDENDS

| | 2013 £ | 2012 £ |
|----------------------------------|-----------------------|-----------------|
| Dividends paid on equity capital | <u>300,000</u> | <u>-</u> |

18 NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2013 £ | 2012 £ |
|---|-----------------------|-----------------------|
| Operating profit | 580,088 | 510,910 |
| Depreciation of tangible fixed assets | 197,720 | 151,319 |
| Decrease/(increase) in stocks | 85,586 | (176,563) |
| (Increase)/decrease in debtors | (165,738) | 67,273 |
| (Decrease)/increase in creditors | <u>(185,367)</u> | <u>2,035</u> |
| Net cash inflow from operating activities | <u>512,289</u> | <u>554,974</u> |

19 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2013 £ | 2012 £ |
|---|-----------------------|-----------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 474 | 405 |
| Hire purchase interest | <u>(2,419)</u> | <u>(2,419)</u> |
| Net cash outflow from returns on investments and servicing of finance | <u>(1,945)</u> | <u>(2,014)</u> |

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | <u>(408,072)</u> | <u>(364,042)</u> |
| | 2013 £ | 2012 £ |
| Financing | | |
| Other new loans | | 450 |
| Repayment of finance leases | (21,279) | (21,278) |
| New finance leases | 310,933 | - |
| | <u>289,654</u> | <u>(20,828)</u> |
| Net cash inflow/(outflow) from financing | | |
| | <u>289,654</u> | <u>(20,828)</u> |

20 ANALYSIS OF CHANGES IN NET FUNDS

| | 1 March 2012 £ | Cash flow £ | Other non-cash changes £ | 28 February 2013 £ |
|---|----------------------|----------------|-----------------------------------|--------------------------|
| Cash at bank and in hand | 466,163 | 302,040 | - | 768,203 |
| Debt | | | | |
| Debts due within one year | (21,279) | (289,654) | 203,179 | (107,754) |
| Debts falling due after more than one year | <u>(12,747)</u> | <u>-</u> | <u>(203,179)</u> | <u>(215,926)</u> |
| Net funds | <u>432,137</u> | <u>12,386</u> | <u>-</u> | <u>444,523</u> |

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 £2,758 (2012 - £4,865). Contributions totalling £467 (2012 - £450) were payable to the fund at the balance sheet date and are included in creditors.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

22 RELATED PARTY TRANSACTIONS

Included in directors current accounts is a balance of £258,356 (2012 £222,967) owing to P A Curran and £265,846 (2012 - £230,473) owing to J F Curran. The loans are interest free and repayable on demand.

Included in other creditors due within one year are loan accounts to directors wives, E Curran of £53,000 (2012 - nil) and J Curran of £53,000 (2012 - nil). The loans are interest free and repayable upon demand.

During the year the company was charged rent and service charges of £143,006 (2012 - £144,741) by NPB Limited for its use of buildings in its trade. NPB Limited is related through common control.

During the year, dividends of £194,000 (2012 - Nil) were paid to the directors and £106,000 (2012 - Nil) to the wives of the directors.

23 CONTROLLING PARTY

The company was under the control of J F Curran and P A Curran throughout the current and previous years.