

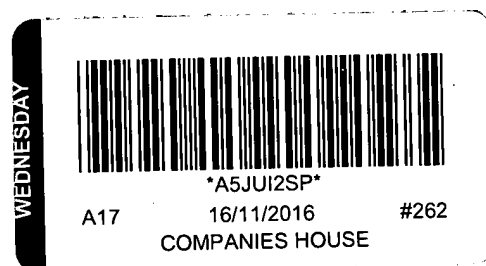
CH

Company Registration Number 03503260

NORTHERN PAPER BOARD LIMITED

FINANCIAL STATEMENTS

29 FEBRUARY 2016



ArmstrongWatson®

Accountants, Business & 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 Audit Limited
Chartered Accountants & Statutory Auditors
Number 3
Acorn Business Park
Airedale Business Centre
Skipton
North Yorkshire
BD23 2UE

Bankers

National Westminster Bank Plc
Exchange Buildings
High Street
Skipton
North Yorkshire
BD23 1JA

Solicitors

Walker Foster Solicitors
3 High Street
Skipton
North Yorkshire
BD23 1AA

NORTHERN PAPER BOARD LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9 - 10
Statement of cash flows	11
Notes to the financial statements	12 - 25

NORTHERN PAPER BOARD LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

Introduction

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 29 February 2016.

Business review

The principal activity of the company for the year under review was that of a manufacturer of boxes used for packaging from their registered office of Engine Shed Lane, Skipton, North Yorkshire, BD23 1TX.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and company's 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.

Principal risks and uncertainties

The business environment in which the company operates continues to be challenging. The principal risks continue to be the general economic climate as well as bad debts.

With these risks and uncertainties in mind, the directors are aware that any plans for future development of the business may be subject to unforeseen future events outside our control.

Financial risks

The company's operations expose it to a variety of financial risks that include the effect of changes in credit, liquidity, exchange rate risk and interest rate risk. The company has in place a risk management program 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, however it does use derivative financial instruments to hedge the effects of exchange rate risks.

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. The directors have maintained a strong cash position keeping the balance sheet strong, to help safeguard the future of the business and to guard against any unforeseen circumstances.

NORTHERN PAPER BOARD LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2016

Financial key performance indicators

The directors consider 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 £959,642 to £11,447,371 in 2016 due to increased sales and a number of new customers. Gross profitability margins have improved on previous years as a result of realised production efficiencies.

Operating profit has decreased during the year from £1,187,748 to £1,143,916 mainly as a result of a change in the plant and machinery depreciation policy from 15% on cost to 25% on cost. The difference has been recognised in the statement of comprehensive income in 2016.

Overall, profit before taxation has decreased from £1,180,518 to £1,125,884 mainly as a result of the change in depreciation policy during the year.

After taxation and dividends, shareholders funds have increased from £2,871,946 to £3,496,615.

Return on capital employed has decreased from 39.3% to 30.7%. Return on capital employed is calculated as operating profit divided by capital employed, which constitutes total assets less current liabilities.

Other key performance indicators

The stock holding capacity of the company increased in July 2015 due to the extension of the warehouse from which the company operates. The directors are confident that this will enable further revenue and profitability growth in the future.

Gross profit has increased by approximately £549,000 (27%) with the gross margin increasing from approximately 20% to 23% as a result of realised production efficiencies.

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



J.F. Curran

Director

Date: 14 November 2016

NORTHERN PAPER BOARD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present their report and the financial statements for the year ended 29 February 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;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £820,669 (2015 - £975,057).

Interim dividends of £196,000 have been paid during the year. The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

J F Curran
P A Curran

Future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

Matters covered in the strategic report

Information is not shown in the directors' report because it is shown in the strategic report instead under s414C(11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

NORTHERN PAPER BOARD LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2016

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 the director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



J F Curran
Director
Date: 14 November 2016

NORTHERN PAPER BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF NORTHERN PAPER BOARD LIMITED

We have audited the financial statements of Northern Paper Board Limited for the year ended 29 February 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 relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 on page 3, 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 Financial Reporting Council'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 29 February 2016 and of its profit or loss 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

NORTHERN PAPER BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF NORTHERN PAPER BOARD 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.

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

14 November 2016

NORTHERN PAPER BOARD LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	2016 £	2015 £
Turnover	4	11,447,371	10,487,729
Cost of sales		<u>(8,846,426)</u>	<u>(8,435,754)</u>
Gross profit		2,600,945	2,051,975
Administrative expenses		<u>(1,457,029)</u>	<u>(864,227)</u>
Operating profit	5	1,143,916	1,187,748
Interest receivable and similar income	8	1,417	1,622
Interest payable and expenses	9	<u>(19,449)</u>	<u>(8,852)</u>
Profit before tax		1,125,884	1,180,518
Tax on profit	10	<u>(305,215)</u>	<u>(205,461)</u>
Profit for the year		820,669	975,057
Other comprehensive income for the year			
Total comprehensive income for the year		<u>820,669</u>	<u>975,057</u>

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

The notes on pages 12 to 25 form part of these financial statements.

NORTHERN PAPER BOARD LIMITED
REGISTERED NUMBER: 03503260

STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

	Note	29 February 2016 £	28 February 2015 £
Fixed assets			
Tangible assets	12	<u>923,589</u>	<u>1,016,715</u>
		923,589	1,016,715
Current assets			
Stocks	13	855,632	776,238
Debtors: amounts falling due within one year	14	2,614,639	2,566,767
Cash at bank and in hand	15	<u>1,767,951</u>	<u>1,345,515</u>
		5,238,222	4,688,520
Creditors: amounts falling due within one year	16	<u>(2,430,935)</u>	<u>(2,682,021)</u>
Net current assets		<u>2,807,287</u>	<u>2,006,499</u>
Total assets less current liabilities		<u>3,730,876</u>	<u>3,023,214</u>
Creditors: amounts falling due after more than one year	17	(126,261)	(8,268)
Provisions for liabilities			
Deferred tax	20	<u>(108,000)</u>	<u>(143,000)</u>
		<u>(108,000)</u>	<u>(143,000)</u>
Net assets		<u><u>3,496,615</u></u>	<u><u>2,871,946</u></u>
Capital and reserves			
Called up share capital	21	2	2
Profit and loss account		<u>3,496,613</u>	<u>2,871,944</u>
		<u><u>3,496,615</u></u>	<u><u>2,871,946</u></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: 14 November 2016

The notes on pages 12 to 25 form part of these financial statements.

NORTHERN PAPER BOARD LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 March 2015	2	2,871,944	2,871,946
Profit for the year	-	820,669	820,669
Total comprehensive income for the year	-	820,669	820,669
Dividends: Equity capital	-	(196,000)	(196,000)
At 29 February 2016	2	3,496,613	3,496,615

NORTHERN PAPER BOARD LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 March 2014	2	2,196,887	2,196,889
Profit for the year	-	975,057	975,057
Total comprehensive income for the year	-	975,057	975,057
Dividends: Equity capital	-	(300,000)	(300,000)
At 28 February 2015	2	2,871,944	2,871,946

The notes on pages 12 to 25 form part of these financial statements.

NORTHERN PAPER BOARD LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	29 February 2016 £	28 February 2015 £
Cash flows from operating activities		
Profit for the financial year	820,669	975,057
Adjustments for:		
Depreciation of tangible assets	571,958	234,316
Loss on disposal of tangible assets	3,449	(30,386)
Interest paid	19,449	8,852
Interest received	(1,417)	(1,622)
Taxation	285,215	205,461
(Increase) in stocks	(79,394)	(204,943)
(Increase) in debtors	(96,351)	(386,964)
(Decrease) in creditors	(263,531)	(98,919)
Corporation tax	(239,736)	(103,296)
Net cash generated from operating activities	1,020,311	597,556
Cash flows from investing activities		
Purchase of tangible fixed assets	(509,781)	(405,198)
Sale of tangible fixed assets	27,500	40,500
Interest received	1,417	1,622
HP interest paid	(10,823)	(8,852)
Net cash from investing activities	(491,687)	(371,928)
Cash flows from financing activities		
Repayment of/new finance leases	98,438	(103,644)
Dividends paid	(196,000)	(300,000)
Interest paid	(8,626)	-
Net cash used in financing activities	(106,188)	(403,644)
Cash and cash equivalents at beginning of year	1,345,515	1,523,531
Cash and cash equivalents at the end of year	1,767,951	1,345,515
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,767,951	1,345,515
	1,767,951	1,345,515

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

1. General information

The principal activity of the company is the manufacture of boxes used for packaging operating from its registered office of Engine Shed Lane, Skipton, North Yorkshire, BD23 1TX.

The company is a limited liability company incorporated and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

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 3).

The following principal accounting policies have been applied:

2.2 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.

2.3 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.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 25% on cost (previously 15% on cost)
Motor vehicles	- 25% on cost
Fixtures and fittings	- 25% on cost

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.

2.4 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. Work in progress and finished goods include labour and attributable overheads.

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.

2.5 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.

2.6 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

2.7 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 payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

2. Accounting policies (continued)

2.7 Financial instruments (continued)

rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 at their fair value. 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.

2.8 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.

2.9 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 Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Finance costs

Finance costs are charged to the Income statement 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.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

2. Accounting policies (continued)

2.12 Operating leases

Rentals paid under operating leases are charged to the profit and loss account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

2.13 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 payments obligations.

The contributions are recognised as an expense in the Income statement 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.

2.14 Interest income

Interest income is recognised in the Income statement using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounts estimates will, by definition, seldom equal the related actual results.

There are no key sources of estimation uncertainty in applying accounting policies in the financial statements.

4. Turnover

All turnover arose within the United Kingdom.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	571,958	234,316
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,000	6,000
Other operating lease rentals	192,500	155,000
Defined contribution pension cost	9,021	6,636
	<u>571,958</u>	<u>234,316</u>

6. Employees

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

	2016 £	2015 £
Wages and salaries	495,683	460,452
Social security costs	42,558	43,270
Cost of defined contribution scheme	9,021	6,636
	<u>547,262</u>	<u>510,358</u>

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

	2016 No.	2015 No.
Production	14	13
Administration	8	10
	<u>22</u>	<u>23</u>

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	73,688	67,234
	<u>73,688</u>	<u>67,234</u>

8. Interest receivable

	2016 £	2015 £
Other interest receivable	1,417	1,622
	<u>1,417</u>	<u>1,622</u>

NORTHERN PAPER BOARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

9. Interest payable and similar charges

	2016	2015
	£	£
Finance leases and hire purchase contracts	10,823	8,852
Other interest payable	8,626	-
	19,449	8,852

10. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	248,000	216,000
Adjustments in respect of previous periods	92,215	(47,809)
	340,215	168,191
Total current tax	340,215	168,191
Deferred tax		
Origination and reversal of timing differences	(35,000)	37,270
Total deferred tax	(35,000)	37,270
Taxation on profit on ordinary activities	305,215	205,461

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

10. Taxation (continued)

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 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,125,884</u>	<u>1,180,518</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	225,177	247,909
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,713	3,700
Capital allowances for year in excess of depreciation	(7,352)	314
Tax chargeable at higher rates adjustment	962	1,736
Adjustments to tax charge in respect of prior periods	92,215	(47,809)
Short term timing difference leading to an increase (decrease) in taxation	(4,100)	(389)
R&D provision tax adjustment	(8,400)	-
Total tax charge for the year	<u><u>305,215</u></u>	<u><u>205,461</u></u>

11. Dividends

	29 February 2016 £	28 February 2015 £
Dividends paid on equity capital	<u>196,000</u>	300,000
	<u><u>196,000</u></u>	<u><u>300,000</u></u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 March 2015	1,910,874	116,966	288,061	2,315,901
Additions	451,313	28,575	29,893	509,781
Disposals	-	(40,150)	-	(40,150)
At 29 February 2016	<u>2,362,187</u>	<u>105,391</u>	<u>317,954</u>	<u>2,785,532</u>
Depreciation				
At 1 March 2015	1,140,047	33,304	125,835	1,299,186
Charge for period on owned assets	372,608	24,776	58,687	456,071
Charge for period on financed assets	115,887	-	-	115,887
Disposals	-	(9,201)	-	(9,201)
At 29 February 2016	<u>1,628,542</u>	<u>48,879</u>	<u>184,522</u>	<u>1,861,943</u>
Net book value				
At 29 February 2016	<u>733,645</u>	<u>56,512</u>	<u>133,432</u>	<u>923,589</u>
At 28 February 2015	<u>770,827</u>	<u>83,662</u>	<u>162,226</u>	<u>1,016,715</u>

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

	29 February 2016 £	28 February 2015 £
Plant and machinery	<u>321,294</u>	244,845
	<u>321,294</u>	<u>244,845</u>

On 1 March 2015 the directors reassessed the useful lives of the assets on the company's plant and machinery register. It was subsequently decided that all assets on the register at this date were reassessed as having a useful life of 4 years from the date of acquisition.

The additional depreciation charge as a result of the reassessment has been corrected through the current year charge. This has led to an additional depreciation charge in the year of £259,000.

The directors have applied this change prospectively and will continue to depreciate assets based on a useful economic life of 4 years from the date of acquisition.

NORTHERN PAPER BOARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

13. Stocks

	29 February 2016 £	28 February 2015 £
Finished goods and goods for resale	855,632	776,238
	<u>855,632</u>	<u>776,238</u>

14. Debtors

	29 February 2016 £	28 February 2015 £
Trade debtors	2,601,017	2,501,677
Other debtors	-	48,479
Prepayments and accrued income	13,622	16,611
	<u>2,614,639</u>	<u>2,566,767</u>

15. Cash and cash equivalents

	29 February 2016 £	28 February 2015 £
Cash at bank and in hand	1,767,951	1,345,515
	<u>1,767,951</u>	<u>1,345,515</u>

16. Creditors: Amounts falling due within one year

	29 February 2016 £	28 February 2015 £
Trade creditors	1,202,947	1,445,071
Corporation tax	248,000	216,000
Taxation and social security	270,246	243,585
Obligations under finance lease and hire purchase contracts	84,089	103,644
Other creditors	603,503	657,971
Accruals and deferred income	22,150	15,750
	<u>2,430,935</u>	<u>2,682,021</u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

The following liabilities within creditors due within one year are secured by the company against the assets to which they relate:

	29 February 2016 £	28 February 2015 £
HP liabilities and finance leases	84,089	103,644
	<u>84,089</u>	<u>103,644</u>

17. Creditors: Amounts falling due after more than one year

	29 February 2016 £	28 February 2015 £
Net obligations under finance leases and hire purchase contracts	126,261	8,268
	<u>126,261</u>	<u>8,268</u>

18. Secured creditors: amounts falling due after more than one year

The following liabilities within creditors due after more than one year are secured by the company against the assets to which they relate:

	29 February 2016 £	28 February 2015 £
HP liabilities and finance leases	126,261	8,268
	<u>126,261</u>	<u>8,268</u>

19. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	29 February 2016 £	28 February 2015 £
Within one year	84,089	103,644
Between 1-2 years	75,452	8,268
Between 2-5 years	50,809	-
	<u>210,350</u>	<u>111,912</u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

20. Deferred taxation

	2016 £
At beginning of year	(143,000)
Charged to the profit or loss	35,000
At end of year	(108,000)
The provision for deferred taxation is made up as follows:	
	29 February 2016 £
Accelerated capital allowances	(108,000)
	(108,000)

21. Share capital

	29 February 2016 £	28 February 2015 £
Shares classified as equity		
Allotted, called up and fully paid		
95 Ordinary A shares of £0.01 each	1	1
95 Ordinary B shares of £0.01 each	1	1
5 Ordinary C shares of £0.01 each	-	-
5 Ordinary D shares of £0.01 each	-	-
	2	2

The Ordinary A and B shares carry rights of one vote per share and have no restrictions on the distribution of the dividends and the repayment of capital.

The Ordinary C and D shares carry no voting rights or the right to receive the repayment of capital. There is no restriction on the distribution of dividends.

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,021 (2015 - £6,636). Contributions totalling £1,588 (2015 - £1,678) 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 29 FEBRUARY 2016

23. Commitments under operating leases

At 29 February 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 February 2016 £	28 February 2015 £
Not later than 1 year	112,000	155,000
Later than 1 year and not later than 5 years	-	90,000
	<u>112,000</u>	<u>245,000</u>

24. Related party transactions

Included in other creditors amounts falling due within one year is a balance of £125,151 (2015 - £152,243) owing to P A Curran and £178,877 (2015 - £190,051) 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 £147,727 (2015 - £157,000) and J Curran of £150,160 (2015 - £157,000). The loans are interest free and repayable on demand.

J F Curran and P A Curran are directors and shareholders of N.P.B Limited.

During the year the company was charged rent and management charges totalling £193,500 (2015 - £156,000) by N.P.B Limited. Rent is charged under a formal lease agreement.

During the year, dividends of £196,000 (2015 - £196,000) were paid to directors and £NIL (2015 - £104,000) to the wives of the directors.

NORTHERN PAPER BOARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

25. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.