

NORTHERN PAPER BOARD LIMITED

FINANCIAL STATEMENTS

28 FEBRUARY 2019

**ArmstrongWatson[®]**

Accountants, Business & Financial Advisers

NORTHERN PAPER BOARD LIMITED

COMPANY INFORMATION

Directors	J F Curran P A Curran R W P E Houben (appointed 2 January 2019)
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

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NORTHERN PAPER BOARD LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019

Introduction

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 28 February 2019.

Business review

The principal activity of the company for the year under review was that of a manufacturer of boxes used for packaging. The company trades 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.

Brexit risk

The directors are aware of the risks and uncertainties surrounding the UK's withdrawal from the European Union. Whilst the company has limited exposure to the direct uncertainty created by in respect of the various risks mentioned, the directors are aware that any future plans may be subject to unforeseen circumstances outside of the directors' control.

The company has therefore implemented policies that maintained a strong balance sheet to minimise these risks and allow the continuing operational capabilities of the business.

NORTHERN PAPER BOARD LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

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 £1,812,903 to £17,915,451 in 2019 due to the facilitation of growth via a number of new customers and products. Gross profitability margins have remained the same compared with the previous year due to the continuation of production efficiencies.

Operating profit has increased during the year from £2,390,154 to £2,687,577 mainly as a result of the turnover increase and its impact on the gross profitability of the company.

Overall, profit before taxation has increased from £2,386,925 to £2,659,311 mainly as a result of the reasons discussed above.

After taxation and dividends, shareholders funds have decreased from £6,522,283 to £4,764,481.

Return on capital employed has increased from 36.3% to 54.3%. 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.

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



J F Curran
Director
Date: 24 May 2019

NORTHERN PAPER BOARD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

The directors present their report and the financial statements for the year ended 28 February 2019.

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 to 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 £2,153,135 (2018 - £2,008,475).

The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

J F Curran
P A Curran
R W P E Houben (appointed 2 January 2019)

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 28 FEBRUARY 2019

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: 24 May 2019

NORTHERN PAPER BOARD LIMITED

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

Opinion

We have audited the financial statements of Northern Paper Board Limited (the 'Company') for the year ended 28 February 2019, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

NORTHERN PAPER BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN PAPER BOARD LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters 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 the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters, in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

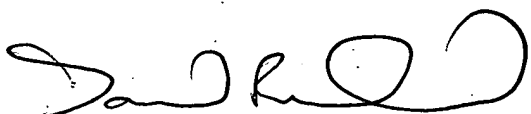
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

NORTHERN PAPER BOARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN PAPER BOARD LIMITED (CONTINUED)

Use of our report

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.



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

24 May 2019

NORTHERN PAPER BOARD LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Note	2019 £	2018 £
Turnover	4	17,915,451	16,102,548
Cost of sales		<u>(13,731,152)</u>	<u>(12,314,121)</u>
Gross profit		4,184,299	3,788,427
Administrative expenses		<u>(1,496,722)</u>	<u>(1,398,273)</u>
Operating profit	5	2,687,577	2,390,154
Interest receivable and similar income	8	8,483	4,282
Interest payable and expenses	9	<u>(36,749)</u>	<u>(7,511)</u>
Profit before tax		2,659,311	2,386,925
Tax on profit	10	<u>(506,176)</u>	<u>(378,450)</u>
Profit after tax		<u>2,153,135</u>	<u>2,008,475</u>
Retained earnings at the beginning of the year		<u>6,522,281</u>	<u>4,523,806</u>
		6,522,281	4,523,806
Profit for the year		2,153,135	2,008,475
Dividends declared and paid		<u>(3,910,937)</u>	<u>(10,000)</u>
Retained earnings at the end of the year		<u>4,764,479</u>	<u>6,522,281</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 23 form part of these financial statements.

NORTHERN PAPER BOARD LIMITED
REGISTERED NUMBER: 03503260

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	571,165	722,135
		<u>571,165</u>	<u>722,135</u>
Current assets			
Stocks	13	1,430,184	1,160,816
Debtors: amounts falling due within one year	14	7,507,610	4,031,724
Cash at bank and in hand	15	292,410	3,508,824
		<u>9,230,204</u>	<u>8,701,364</u>
Creditors: amounts falling due within one year	16	(4,855,198)	(2,833,004)
Net current assets		<u>4,375,006</u>	<u>5,868,360</u>
Total assets less current liabilities		<u>4,946,171</u>	<u>6,590,495</u>
Creditors: amounts falling due after more than one year	17	(154,690)	(35,212)
Provisions for liabilities			
Deferred tax	19	(27,000)	(33,000)
		<u>(27,000)</u>	<u>(33,000)</u>
Net assets		<u>4,764,481</u>	<u>6,522,283</u>
Capital and reserves			
Called up share capital	20	2	2
Profit and loss account		4,764,479	6,522,281
		<u>4,764,481</u>	<u>6,522,283</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: 24 May 2019

The notes on pages 10 to 23 form part of these financial statements.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

1. General information

Northern Paper Board Limited is engaged in the manufacture of boxes used for packaging operating from their registered office located in Engine Shed Lane, Skipton, North Yorkshire, BD23 1TX.

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

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 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 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aurelius Equity Opportunities SE & Co. KGaA as at 31 December 2018 and these financial statements may be obtained from Ludwig-Ganghofer-Straße 6, 82031, Grünwald, Germany.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.3 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.

2.4 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 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.

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
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 income and retained earnings.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.6 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 income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings 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.

2.8 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.11 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 income and retained earnings 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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 Statement of income and retained earnings 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.

2.16 Financial instruments

The Company only enters into basic financial instrument 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

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.16 Financial instruments (continued)

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 rate of interest that is not a market rate or in the 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.

2.17 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.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, 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.

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.

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

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 affect 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 accounting 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.

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	384,370	404,904
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	230,000	230,000
Defined contribution pension cost	15,473	12,152

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

6. Employees

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

	2019 £	2018 £
Wages and salaries	737,022	649,761
Social security costs	71,023	58,925
Cost of defined contribution scheme	15,473	12,152
	<u>823,518</u>	<u>720,838</u>

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

	2019 No.	2018 No.
Production	19	20
Administration	9	7
	<u>28</u>	<u>27</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	132,598	74,200
	<u>132,598</u>	<u>74,200</u>

8. Interest receivable

	2019 £	2018 £
Other interest receivable	8,483	4,282
	<u>8,483</u>	<u>4,282</u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

9. Interest payable and similar expenses

	2019 £	2018 £
Finance leases and hire purchase contracts	8,122	7,511
Other interest payable	28,627	-
	<u>36,749</u>	<u>7,511</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	515,000	450,000
Adjustments in respect of previous periods	(2,824)	(25,550)
Total current tax	<u>512,176</u>	<u>424,450</u>
Deferred tax		
Origination and reversal of timing differences	(6,000)	(46,000)
Total deferred tax	<u>(6,000)</u>	<u>(46,000)</u>
Taxation on profit on ordinary activities	<u>506,176</u>	<u>378,450</u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,659,311</u>	<u>2,386,925</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	505,269	453,516
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,843	4,156
Capital allowances for year in excess of depreciation	56	(3,696)
Adjustments to tax charge in respect of prior periods	(2,824)	(25,550)
Short term timing difference leading to an increase (decrease) in taxation	(352)	2,806
Changes in provisions leading to an increase (decrease) in the tax charge	184	-
R&D provision tax adjustment	-	(54,772)
Change in tax rate	-	1,990
Total tax charge for the year	<u><u>506,176</u></u>	<u><u>378,450</u></u>

11. Dividends

	2019 £	2018 £
Dividends paid on equity capital	3,910,937	10,000
	<u><u>3,910,937</u></u>	<u><u>10,000</u></u>

NORTHERN PAPER BOARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 March 2018	2,910,964	84,641	329,507	3,325,112
Additions	9,311	236,300	2,709	248,320
Disposals	-	(74,946)	(3,975)	(78,921)
At 28 February 2019	<u>2,920,275</u>	<u>245,995</u>	<u>328,241</u>	<u>3,494,511</u>
Depreciation				
At 1 March 2018	2,256,351	65,602	281,024	2,602,977
Charge for the year on owned assets	284,713	7,807	37,502	330,022
Charge for the year on financed assets	24,810	29,538	-	54,348
Disposals	-	(63,713)	(288)	(64,001)
At 28 February 2019	<u>2,565,874</u>	<u>39,234</u>	<u>318,238</u>	<u>2,923,346</u>
Net book value				
At 28 February 2019	<u>354,401</u>	<u>206,761</u>	<u>10,003</u>	<u>571,165</u>
At 28 February 2018	<u>654,613</u>	<u>19,039</u>	<u>48,483</u>	<u>722,135</u>

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

	2019 £	2018 £
Plant and machinery	15,508	135,762
Motor vehicles	206,763	-
	<u>222,271</u>	<u>135,762</u>

NORTHERN PAPER BOARD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

13. Stocks

	2019 £	2018 £
Finished goods and goods for resale	1,430,184	1,160,816
	<u>1,430,184</u>	<u>1,160,816</u>

Stock recognised in cost of sales during the year as an expense was £12,593,735 (2018 - £11,230,761).

14. Debtors

	2019 £	2018 £
Trade debtors	4,807,556	3,989,287
Amounts owed by group undertakings	2,637,049	-
Prepayments and accrued income	63,005	42,437
	<u>7,507,610</u>	<u>4,031,724</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	292,410	3,508,824
Less: bank overdrafts	(190,797)	(26,859)
	<u>101,613</u>	<u>3,481,965</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	190,797	26,859
Trade creditors	1,864,161	1,456,152
Corporation tax	291,000	450,000
Other taxation and social security	527,226	495,114
Obligations under finance lease and hire purchase contracts	52,998	101,743
Proceeds of factored debts	1,905,945	-
Other creditors	3,321	283,886
Accruals and deferred income	19,750	19,250
	<u>4,855,198</u>	<u>2,833,004</u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

The following liabilities within creditors due within one year are secured by the company:

	2019 £	2018 £
Obligations under finance lease and hire purchase contracts	52,998	101,743
Proceeds of factored debts	1,905,945	-
	<u>1,958,943</u>	<u>101,743</u>

Obligations under finance lease and hire purchase contracts are secured over the assets to which they relate. Proceeds of factored debts are secured over the sales ledger debts to which they relate.

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

	2019 £	2018 £
Obligations under finance lease and hire purchase contracts	154,690	35,212
	<u>154,690</u>	<u>35,212</u>

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

	2019 £	2018 £
Obligations under finance lease and hire purchase contracts	154,690	35,212
	<u>154,690</u>	<u>35,212</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	52,998	101,743
Between 1-5 years	154,690	35,212
	<u>207,688</u>	<u>136,955</u>

NORTHERN PAPER BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

19. Deferred taxation

	2019 £	2018 £
At beginning of year	33,000	79,000
Charged to profit or loss	(6,000)	(46,000)
At end of year	27,000	33,000

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	27,000	33,000
	27,000	33,000

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
102 (2018 - 95) Ordinary A shares of £0.01 each	1.02	0.95
98 (2018 - 95) Ordinary B shares of £0.01 each	0.98	0.95
0 (2018 - 5) Ordinary C shares of £0.01 each	-	0.05
0 (2018 - 5) Ordinary D shares of £0.01 each	-	0.05
	2.00	2.00

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

On 31 August 2018 the company reclassified 5 Ordinary C Shares and 5 Ordinary D Shares of £0.01 into 5 Ordinary A & 5 Ordinary B Shares of £0.01 each.

21. 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 £15,473 (2018 - £12,152). Contributions totalling £3,101 (2018 - £2,131) 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 2019

22. Commitments under operating leases

At 28 February 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	230,000	-
Later than 1 year and not later than 5 years	345,000	-
	<u>575,000</u>	<u>-</u>

23. Related party transactions

Included in other creditors amounts falling due within one year is a balance of £Nil owing to P A Curran and his wife (2018 - £123,943) and £Nil (2018 - £157,582) owing to J F Curran and his wife.

During the year the company was charged rent and management charges totalling £115,000 (2018 - £231,000) by N.P.B Limited. Rent is charged under a formal lease agreement. J F Curran and P A Curran are directors and shareholders of N.P.B Limited.

During the year the company was charged rent totalling £115,000 (2018 - £Nil) by Northern Paper Board Limited Directors Pension Fund. Rent is charged under a formal lease agreement. J F Curran and P A Curran are trustees of the pension fund.

The company has taken advantage of the exemption contained within Section 33 of FRS102 "Related Party Disclosures" from disclosing transactions with entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.

24. Controlling party

Until 31 August 2018 the company was under no control.

On 31 August 2018 Solidus Solutions UK II BV acquired 51% of the share capital of the company.

On 7 January 2019 Solidus Solutions UK II BV acquired the remaining 49% share capital of the company.

The ultimate parent undertaking is Aurelius Equity Opportunities SE & Co. KGaA, a German investment company listed on various German stock exchanges.

The smallest company to produce consolidated financial statements which include the company is Solidus Solutions Holding B.V., copies of which can be obtained from Hoofdstraat 34, Bad Nieuweschan, Groningen, Netherlands, 9693 AH.

The largest company to produce consolidated financial statements which include the company is Aurelius Equity Opportunities SE & Co. KGaA, copies of which are available from Ludwig-Ganghofer-Straße 6, 82031, Grünwald, Germany.