

REGISTERED NUMBER: 06048669 (England and Wales)

**Strategic Report,
Report of the Directors and
Audited Financial Statements
for the Year Ended 31 December 2016
for
Cellmark UK Limited**

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Cellmark UK Limited (Registered number: 06048669)

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for the Year Ended 31 December 2016**

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Cellmark UK Limited
Company Information
for the Year Ended 31 December 2016

DIRECTORS:

Mrs K Ajax
M Field

REGISTERED OFFICE:

Old Printers Yard
156 South Street
Dorking
Surrey
RH4 2HF

BUSINESS ADDRESS:

Lilla Bommen 3C
PO Box 11927
SE-404 39
Gothenburg

REGISTERED NUMBER:

06048669 (England and Wales)

AUDITORS:

Bullimores LLP
Statutory Auditor & Chartered Accountants
Old Printers Yard
156 South Street
Dorking
Surrey
RH4 2HF

Cellmark UK Limited (Registered number: 06048669)

**Strategic Report
for the Year Ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

Both the level of business and the year end financial position were as expected in the light of current trading conditions. A trademark is held by the parent company for use by the group.

Key Performance Indicators

	<u>2016</u>	<u>2015</u>
Turnover	£6,596,045	£11,734,011
Gross Profit	13.14%	8.97%
Total assets	£2,852,438	£5,233,331

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are of the opinion that the company will continue to trade for a period of not less than 12 months. The directors have reviewed the risks associated with the business and do not believe that specific risks are wider than those for the economy as a whole. The business is not overexposed to non payment by debtors and the company is wholly supported by the parent company. Foreign exchange exposure is also covered. The year end balance sheet shows net assets and profits were made in the year and this trend is expected to continue.

ON BEHALF OF THE BOARD:



Mrs K Ajax - Director

2 August 2017

**Report of the Directors
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale and marketing of paper.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

DIRECTORS

Mrs K Ajax has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

M Field was appointed as a director after 31 December 2016 but prior to the date of this report.

P J Vallin ceased to be a director after 31 December 2016 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 and then apply them consistently;
- make judgements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Mrs K Ajax - Director

2 August 2017

Report of the Independent Auditors to the Members of Cellmark UK Limited

We have audited the financial statements of Cellmark UK Limited for the year ended 31 December 2016 on pages six to fifteen. 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), 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

With respect to stock included in the financial statements of £313,084, the audit evidence available to us was limited because we did not attend stocktakes as at 31 December 2016, as we were unaware of the level of stock held and their locations. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding stock quantities and condition by using other audit procedures.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

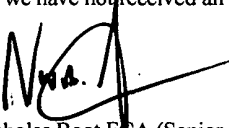
In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

**Report of the Independent Auditors to the Members of
Cellmark UK 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.



Nicholas Boot FCA (Senior Statutory Auditor)
for and on behalf of Bullimores LLP
Statutory Auditor & Chartered Accountants
Old Printers Yard
156 South Street
Dorking
Surrey
RH4 2HF

Date: 06/09/2017 ..



Cellmark UK Limited (Registered number: 06048669)

Statement of Comprehensive Income
for the Year Ended 31 December 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER	4	6,596,045	11,734,011
Cost of sales		5,729,500	10,681,227
GROSS PROFIT		866,545	1,052,784
Administrative expenses		995,206	1,050,374
OPERATING (LOSS)/PROFIT		(128,661)	2,410
Interest payable and similar expenses	6	5	-
(LOSS)/PROFIT BEFORE TAXATION	7	(128,666)	2,410
Tax on (loss)/profit	8	5,469	8,692
LOSS FOR THE FINANCIAL YEAR		(134,135)	(6,282)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(134,135)	(6,282)

The notes form part of these financial statements

WA

Cellmark UK Limited (Registered number: 06048669)

Balance Sheet
31 December 2016

	Notes	31.12.16 £	31.12.15 £
CURRENT ASSETS			
Stocks	10	313,084	1,553,130
Debtors	11	2,538,406	3,680,201
Cash at bank		948	-
		<u>2,852,438</u>	<u>5,233,331</u>
CREDITORS			
Amounts falling due within one year	12	2,941,117	5,187,875
		<u>(88,679)</u>	<u>45,456</u>
NET CURRENT (LIABILITIES)/ASSETS			
		<u>(88,679)</u>	<u>45,456</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(88,679)</u>	<u>45,456</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000	1,000
Retained earnings	16	(89,679)	44,456
		<u>(88,679)</u>	<u>45,456</u>
SHAREHOLDERS' FUNDS			
		<u>(88,679)</u>	<u>45,456</u>

The financial statements were approved by the Board of Directors on 2 August 2017 and were signed on its behalf by:


Mrs K Ajax - Director

The notes form part of these financial statements

Cellmark UK Limited (Registered number: 06048669)

**Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	1,000	50,738	51,738
Changes in equity			
Total comprehensive income	-	(6,282)	(6,282)
Balance at 31 December 2015	<u>1,000</u>	<u>44,456</u>	<u>45,456</u>
Changes in equity			
Total comprehensive income	-	(134,135)	(134,135)
Balance at 31 December 2016	<u><u>1,000</u></u>	<u><u>(89,679)</u></u>	<u><u>(88,679)</u></u>

The notes form part of these financial statements

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Cellmark UK Limited (Registered number: 06048669)

**Cash Flow Statement
for the Year Ended 31 December 2016**

	Notes	31.12.16 £	31.12.15 £
Cash flows from operating activities			
Cash generated from operations	1	29,057	(4,474)
Interest paid		(5)	-
Finance costs paid		(22,636)	13,166
Tax paid		(5,469)	(8,692)
Net cash from operating activities		<u>947</u>	<u>-</u>
Increase in cash and cash equivalents		<u>947</u>	<u>-</u>
Cash and cash equivalents at beginning of year	2	-	-
Cash and cash equivalents at end of year	2	<u><u>947</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

Cellmark UK Limited (Registered number: 06048669)

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2016**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.16	31.12.15
	£	£
(Loss)/profit before taxation	(128,666)	2,410
(Decrease)/increase in group creditors	(1,996,178)	1,098,387
Finance costs	5	-
	<hr/>	<hr/>
Decrease/(increase) in stocks	(2,124,839)	1,100,797
Decrease/(increase) in trade and other debtors	1,240,046	(602,433)
(Decrease)/increase in trade and other creditors	1,718,298	(714,425)
	<hr/>	<hr/>
Cash generated from operations	29,057	(4,474)
	<hr/>	<hr/>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	948	-
Bank overdrafts	(1)	-
	<hr/>	<hr/>
	947	-
	<hr/>	<hr/>

Year ended 31 December 2015

31.12.15	1.1.15
£	£
<hr/>	<hr/>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

1. STATUTORY INFORMATION

Cellmark UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are presented in sterling (£) which is also the functional currency for the company.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents net invoiced sales of paper and recycling services, excluding value added tax. Sales are recognised when the customer takes title to the goods and assumes the risks and rewards of ownership.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computer equipment - 33% on cost

Stocks

Stock is valued at the lower of cost and net realisable value and includes costs directly associated with it such as freight and storage. Cost is determined on a first in first out basis. Net realisable value represents estimated selling price less any costs to complete and sell. Provision is made for slow moving, obsolete or damaged stock where the net realisable value is less than cost.

Stock is recognised when title passes to the company and, as such, includes goods in transit. Where stock is obtained from a company within the group, the transaction is made at arms length.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the spot rate at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Forward contracts

The company enters into forward currency contracts and currency swaps, in order to protect itself from foreign currency fluctuations. Purchases in foreign currencies are recorded separately from the associated forward contracts. At the balance sheet date all contracts are recognised at fair value with changes in fair value recognised in the profit and loss account. It is anticipated that all contracts at 31 December 2016 will be settled in the year ended 31 December 2017.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

4. **TURNOVER**

The turnover and loss (2015 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.16	31.12.15
	£	£
United Kingdom	3,544,798	10,110,581
Europe	1,589,103	71,457
Rest of World	1,462,144	1,551,973
	<u>6,596,045</u>	<u>11,734,011</u>

5. **EMPLOYEES AND DIRECTORS**

	31.12.16	31.12.15
	£	£
Wages and salaries	596,614	588,801
Social security costs	84,314	76,386
Other pension costs	77,377	75,073
	<u>758,305</u>	<u>740,260</u>

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

	31.12.16	31.12.15
Directors	2	2
Sales	5	4
Admin	1	1
	<u>8</u>	<u>7</u>

	31.12.16	31.12.15
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.16	31.12.15
	£	£
Other interest	5	-
	<u>5</u>	<u>-</u>

7. **(LOSS)/PROFIT BEFORE TAXATION**

The loss (2015 - profit) is stated after charging/(crediting):

	31.12.16	31.12.15
	£	£
Other operating leases	29,400	33,630
Auditors' remuneration	18,050	13,900
Foreign exchange differences	(11,715)	(14,045)
	<u>35,735</u>	<u>33,485</u>

The directors of Cellmark UK Limited receive remuneration from the parent company, Cellmark AB.

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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

8. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	31.12.16 £	31.12.15 £
Current tax:		
Prior year adjustment	5,469	8,692
Tax on (loss)/profit	<u>5,469</u>	<u>8,692</u>

UK corporation tax has been charged at 20%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16 £	31.12.15 £
(Loss)/profit before tax	<u>(128,666)</u>	<u>2,410</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(25,733)	482
Effects of:		
Expenses not deductible for tax purposes	2,240	5,262
Adjustments to tax charge in respect of previous periods	5,469	8,692
Change in deferred tax rate	904	-
Deferred tax movement not recognised	17,182	(337)
Change in corporation tax rate	(67)	67
Marginal rate	5	(5)
Corporation tax provision not made	<u>5,469</u>	<u>(5,469)</u>
Total tax charge	<u>5,469</u>	<u>8,692</u>

9. TANGIBLE FIXED ASSETS

COST

At 1 January 2016
and 31 December 2016

Computer
equipment
£

4,987

DEPRECIATION

At 1 January 2016
and 31 December 2016

4,987

NET BOOK VALUE

At 31 December 2016

-

At 31 December 2015

-

10. STOCKS

Stocks

	31.12.16 £	31.12.15 £
	<u>313,084</u>	<u>1,553,130</u>

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Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade debtors	1,364,292	3,000,116
Amounts owed by group undertakings	1,063,497	281,248
Other debtors	100,325	383,873
Prepayments	10,292	14,964
	<u>2,538,406</u>	<u>3,680,201</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Bank loans and overdrafts (see note 13)	1	-
Trade creditors	121,551	106,739
Amounts owed to group undertakings	2,387,994	3,601,923
Social security and other taxes	46,529	40,695
VAT	45,157	522,086
Other creditors	146,357	710,812
Accrued expenses	193,528	205,620
	<u>2,941,117</u>	<u>5,187,875</u>

13. LOANS

An analysis of the maturity of loans is given below:

	31.12.16	31.12.15
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1</u>	<u>-</u>

14. FINANCIAL INSTRUMENTS

At the year end, forward contract receivables totalling £90,738 (2015 - £323,413) are included in other debtors and forward contract payables of £91,082 (2015 - £319,464) are included in other creditors. During the year £48,844 was charged to the profit and loss account in respect of changes in the fair value of forward agreements. The risks associated with the forward contracts are those relating to foreign currency risk as a whole but the directors believe the risk of currency fluctuation could potentially have a greater negative effect if forward contracts were not used.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.16	31.12.15
Number:	Class:	Nominal value:	£	£
1,000	Ordinary shares	£1	<u>1,000</u>	<u>1,000</u>

Cellmark UK Limited (Registered number: 06048669)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

16. RESERVES

	Retained earnings £
At 1 January 2016	44,456
Deficit for the year	(134,135)
At 31 December 2016	<u>(89,679)</u>

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Cellmark Investment AB, which is incorporated in Sweden. Consolidated accounts are published and can be obtained from Moore Stephens KLN AB, Lilla Bommen 4A, SE 411 04, Gothenburg, Sweden.

18. BANK GUARANTEE

The company's bank, SEB, gave a guarantee of £500,000, dated 22 January 2009, in favour of H M Revenue & Customs.

SEB gave two guarantees of £80,000, dated 10 September 2012 and 8 January 2013, one for £80,595 dated 22 May 2015 and one for £153,000 dated 6 October 2014 in favour of the Environment Agency.

SEB gave four guarantees of £150,595, dated 28 January 2014, 18 February 2016 and two on 6 October 2014, in favour of the Environment Agency.

SEB gave a guarantee to the Scottish Environment Agency of £250,000 dated 18 February 2016 and one for £300,000 in favour of Natural Resources Wales dated 24 August 2015.

19. BASIS OF PREPARATION

The company relies on the continued support from its parent company. The directors have received assurances from the parent company that they will continue to provide support to Cellmark UK Limited for the foreseeable future and that no repayment of any inter company debt will be required until such time that sufficient cash is available within Cellmark UK Limited. On this basis and all other available information, the directors consider that it is appropriate to prepare these financial statements on the going concern basis.