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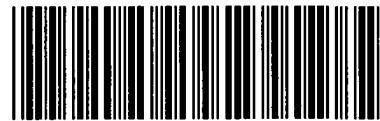
**NORTHWOOD TISSUE (DISLEY) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

TUESDAY



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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

P Fecher  
A Fecher  
P King  
M D Fecher  
S Williamson  
D Harries (appointed 1 March 2017)  
A Lewis (resigned 31 January 2017)

**COMPANY SECRETARY**

P King

**REGISTERED NUMBER**

07022309

**REGISTERED OFFICE**

Waterside  
Disley  
Stockport  
Cheshire  
SK12 2HW

**INDEPENDENT AUDITOR**

Crossley Financial Accounting Limited  
Chartered Accountants & Statutory Auditors  
Star House  
Star Hill  
Rochester  
Kent  
ME1 1UX

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## **NORTHWOOD TISSUE (DISLEY) LIMITED**

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## NORTHWOOD TISSUE (DISLEY) LIMITED

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

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#### INTRODUCTION

During the year under review, the company's principal trading activity has continued to be the manufacture of paper tissue and towelling for the Away from Home market and the business has continued to supply both related companies and external third-party customers. There have been no significant changes to the way that the business is operated and there has been no significant impact from the position of the economy. The company has not introduced any new product ranges during the year and there have not been any significant changes to existing products. The business has continued to focus on the challenges of improving energy and production efficiencies and maximising production yields.

#### BUSINESS REVIEW

2016 has seen the company face a number of key challenges that resulted in a reduction of the business' profits, despite maintaining a strong order book. The company has faced 2 significant margin challenges, which saw the average selling price per tonne reduced as a result of market pressures along with volatility in the cost of recycled waste paper, the key component for the business. The reported gross profit percentage has increased from 26.5% in 2015 to 28.2% in 2016. Reported turnover in 2016 was down 5.6% and reflects the reduced average selling price along with a lower sales volume in the year. Gross profit increased by 1.7%, with a significant benefit from lower energy costs during the year helping to offset higher raw material costs. Underlying operating costs of the business were broadly in line with the previous year, despite the impact of the disposal of a major asset in the year. The reported operating profit of £333k in 2016 compares with the prior year operating profit of £713k.

The company has now instigated major projects focussed on improving energy efficiency and production yield and these are expected to start to show financial benefits in the second half of 2017.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The company does not operate in a high-risk environment and the nature of the vertically integrated supply chain that the company works within, along with related companies who are either suppliers or customers, ensures that there is not an over-reliance on any specific external supplier or customer. In 2016, 2 businesses that were previously external customers for the company were acquired by the shareholders of Northwood Tissue (Disley) Ltd, which has helped to further reduce the external exposure of the company. The nature of commercial markets means that the business continually focuses on the credit management controls required to minimise the risk of bad debts and to ensure the smooth flow of product. The company continues to comply with all relevant environmental and industry legislation and this is facilitated through continued membership of the CPI. The company has been accredited with the Ecolabel standard meaning that Ecolabel certified products can be manufactured at the company's related converting plants using base sheet supplied by the business.

#### FINANCIAL KEY PERFORMANCE INDICATORS

Sales and production volumes are valuable KPIs for the business and these are reported on a daily basis to the management team of the business. Production yield from the plant is also a valuable measure which drives internal reporting and controls. Sales volumes during the year showed a small decrease on the previous year, as did both the volume of deinked pulp and tissue paper manufactured by the business.

This report was approved by the board on 19 September 2017 and signed on its behalf.

  
P King  
Secretary

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## **NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 £253,653 (2015 - £453,582).

The directors do not recommend a dividend.

#### **DIRECTORS**

The directors who served during the year were:

P Fecher  
A Fecher  
P King  
M D Fecher  
A Lewis (resigned 31 January 2017)  
S Williamson

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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**FUTURE DEVELOPMENTS**

Information on likely future developments in the business of the company has been included in the Strategic Report on page 1.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

**POST BALANCE SHEET EVENTS**

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

**AUDITOR**

Under section 487(2) of the Companies Act 2006, Crossley Financial Accounting Limited will be deemed to have been reappointed as auditor 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 on *19 September 2017* and signed on its behalf.



**P King**  
Secretary

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## **NORTHWOOD TISSUE (DISLEY) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHWOOD TISSUE (DISLEY) LIMITED**

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We have audited the financial statements of Northwood Tissue (Disley) Limited for the year ended 31 December 2016, set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 Directors' Report 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.

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

#### **OPINION ON 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 the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHWOOD TISSUE (DISLEY)  
LIMITED**

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**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.

*Crossley Financial Accounting Limited*

Trevor Rose FCA, CTA (Senior Statutory Auditor)

for and on behalf of

**Crossley Financial Accounting Limited**

Chartered Accountants  
Statutory Auditors

Star House  
Star Hill  
Rochester  
Kent

ME1 1UX

Date: *22 9 2017*

# NORTHWOOD TISSUE (DISLEY) LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	17,922,377	18,978,939
Cost of sales		(12,876,934)	(13,953,457)
<b>GROSS PROFIT</b>		<b>5,045,443</b>	<b>5,025,482</b>
Selling and distribution expenses		(83,238)	(70,591)
Administrative expenses		(1,086,180)	(1,365,981)
Other operating income		-	350,581
Indirect production expenses		(3,542,880)	(3,226,280)
<b>OPERATING PROFIT</b>		<b>333,145</b>	<b>713,211</b>
Interest receivable and similar income	10	1,466	-
Interest payable and similar charges	11	(30,641)	(31,358)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>303,970</b>	<b>681,853</b>
Taxation on profit/(loss) on ordinary activities	12	(50,317)	(228,271)
<b>PROFIT FOR THE YEAR</b>		<b>253,653</b>	<b>453,582</b>

The notes on pages 13 to 28 form part of these financial statements.

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Note	2016 £	2015 £
Profit for the year		<u>253,653</u>	<u>453,582</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Movement on deferred tax relating to revaluation of plant and machinery		<u>90,898</u>	<u>140,964</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>90,898</u>	<u>140,964</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>344,551</u></u>	<u><u>594,546</u></u>

**NORTHWOOD TISSUE (DISLEY) LIMITED**  
**REGISTERED NUMBER: 07022309**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	13	6,681,175	6,130,476
		<u>6,681,175</u>	<u>6,130,476</u>
<b>CURRENT ASSETS</b>			
Stocks	14	855,467	754,792
Debtors: amounts falling due after more than one year	15	250,000	250,000
Debtors: amounts falling due within one year	15	9,562,374	4,397,741
Cash at bank and in hand	16	70,515	116,182
		<u>10,738,356</u>	<u>5,518,715</u>
Creditors: amounts falling due within one year	17	(5,908,846)	(3,956,857)
<b>NET CURRENT ASSETS</b>		<u>4,829,510</u>	<u>1,561,858</u>
<b>Total assets less current liabilities</b>		<u>11,510,685</u>	<u>7,692,334</u>
Creditors: amounts falling due after more than one year	18	(3,595,381)	-
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax		(919,792)	(997,903)
Other provisions	22	(250,210)	(293,680)
		<u>(1,170,002)</u>	<u>(1,291,583)</u>
<b>Net assets</b>		<u><u>6,745,302</u></u>	<u><u>6,400,751</u></u>

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**NORTHWOOD TISSUE (DISLEY) LIMITED**  
**REGISTERED NUMBER: 07022309**

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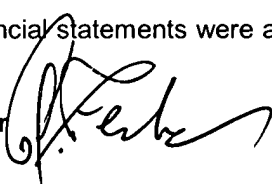
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2016**

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	Note	2016 £	2015 £
<b>Capital and reserves</b>			
Called up share capital	23	100	100
Share premium account		99,900	99,900
Non distributable reserve		2,979,297	3,342,889
Profit and loss account		3,666,005	2,957,862
		<u>6,745,302</u>	<u>6,400,751</u>

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

P Fecher  
Director



19.9.2017

**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

	Called up share capital	Share premium account	Non distributable reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	100	99,900	3,342,889	2,957,862	6,400,751
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	253,653	253,653
Deferred tax movement	-	-	90,898	-	90,898
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	90,898	-	90,898
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	90,898	253,653	344,551
Transfer to/from profit and loss account	-	-	(454,490)	454,490	-
<b>AT 31 DECEMBER 2016</b>	<b>100</b>	<b>99,900</b>	<b>2,979,297</b>	<b>3,666,005</b>	<b>6,745,302</b>

**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

	Called up share capital	Share premium account	Non distributable reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	100	99,900	3,674,201	2,032,004	5,806,205
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	453,582	453,582
Deferred tax movement	-	-	140,964	-	140,964
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	140,964	-	140,964
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	140,964	453,582	594,546
Transfer to/from profit and loss account	-	-	(472,276)	472,276	-
<b>AT 31 DECEMBER 2015</b>	<b>100</b>	<b>99,900</b>	<b>3,342,889</b>	<b>2,957,862</b>	<b>6,400,751</b>

The notes on pages 13 to 28 form part of these financial statements.

**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the financial year	253,653	453,582
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	375,921	592,179
Loss on disposal of tangible assets	111,662	-
Interest paid	30,640	31,358
Interest received	(1,466)	-
Taxation charge	50,317	228,271
(Increase)/decrease in stocks	(100,674)	268,116
(Increase)/decrease in debtors	(5,164,633)	926,366
Increase in creditors	1,361,252	71,717
(Decrease)/increase in provisions	(43,470)	-
Corporation tax (paid)	(31,357)	(233,250)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(3,158,155)</b>	<b>2,338,339</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(1,049,283)	(203,121)
Sale of tangible fixed assets	11,000	-
Interest received	1,466	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,036,817)</b>	<b>(203,121)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New secured loans	4,100,960	-
Repayment of loans	-	(260,364)
Interest paid	(30,640)	(31,358)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>4,070,320</b>	<b>(291,722)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(124,652)</b>	<b>1,843,496</b>
Cash and cash equivalents at beginning of year	63,462	(1,780,033)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>(61,190)</b>	<b>63,463</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	70,515	116,182
Bank overdrafts	(131,705)	(52,719)
	<b>(61,190)</b>	<b>63,463</b>

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## **NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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#### **1. GENERAL INFORMATION**

Northwood Tissue (Disley) Limited is a private company, limited by shares, domiciled in England and Wales. The registered office is Waterside, Disley, Stockport, Cheshire, SK12 2HW.

#### **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 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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## NORTHWOOD TISSUE (DISLEY) LIMITED

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

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## 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 & machinery	- 2 to 12 years straight line
Motor vehicles	- 5 years straight line

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 Income Statement.

### 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 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the

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## **NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.5 Financial instruments (continued)**

contract.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **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 Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

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

### **2.7 Operating leases: the Company as lessee**

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

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## NORTHWOOD TISSUE (DISLEY) LIMITED

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.8 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 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.

### 2.9 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.

### 2.10 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 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.

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## NORTHWOOD TISSUE (DISLEY) LIMITED

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

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.11 Invoice discounting

The company discounts its trade debts. The accounting policy is to include a gross asset for trade debtors due within one year and to record the returnable element of the proceeds under creditors due within one year. Discount fees are charged to the profit and loss account when payable. Bad debts are borne by the company and charged to the profit and loss account when reasonably foreseeable.

#### 3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have made the following judgments:

Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation and maintenance programs are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

#### 4. TURNOVER

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	17,922,377	17,832,138
Rest of Europe	-	1,146,801
	<u>17,922,377</u>	<u>18,978,939</u>

#### 5. OTHER OPERATING INCOME

	2016 £	2015 £
Other operating income	-	350,581
	<u>-</u>	<u>350,581</u>

# NORTHWOOD TISSUE (DISLEY) LIMITED

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

### 6. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	375,921	592,179
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	13,000	11,593
Exchange differences	35,522	8,621
Other operating lease rentals	19,072	31,165
Defined contribution pension cost	42,153	47,821
	<u>          </u>	<u>          </u>

### 7. AUDITOR'S REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	13,000	11,593
	<u>13,000</u>	<u>11,593</u>

### 8. EMPLOYEES

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

	2016 £	2015 £
Wages and salaries	2,016,377	2,071,760
Social security costs	216,340	215,522
Cost of defined contribution scheme	74,733	73,706
	<u>2,307,450</u>	<u>2,360,988</u>

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

	2016 No.	2015 No.
Direct staff	26	29
Indirect staff	26	20
Administration staff	7	9
Directors	6	6
	<u>65</u>	<u>64</u>

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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**9. DIRECTORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>111,263</b>	<b>118,381</b>
	<b>111,263</b>	<b>118,381</b>

**10. INTEREST RECEIVABLE**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>1,466</b>	<b>-</b>
	<b>1,466</b>	<b>-</b>

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>30,562</b>	<b>31,358</b>
Other loan interest payable	<b>79</b>	<b>-</b>
	<b>30,641</b>	<b>31,358</b>

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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**12. TAXATION**

	<b>2016 £</b>	<b>2015 £</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>86,441</b>	<b>216,517</b>
Adjustments in respect of previous periods	<b>(48,912)</b>	<b>-</b>
	<b>37,529</b>	<b>216,517</b>
<b>TOTAL CURRENT TAX</b>	<b>37,529</b>	<b>216,517</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>12,788</b>	<b>11,754</b>
<b>TOTAL DEFERRED TAX</b>	<b>12,788</b>	<b>11,754</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>50,317</b>	<b>-228,271</b>

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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**12. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

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

	2016 £	2015 £
Profit on ordinary activities before tax	303,971	681,853
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	60,794	136,371
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	25,276	18,546
Capital allowances for year in excess of depreciation	371	58,963
Adjustments to tax charge in respect of prior periods	(48,912)	-
Other differences leading to an increase (decrease) as a result of deferred tax	12,788	11,754
Other differences leading to an increase (decrease) in the tax charge	-	2,637
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>50,317</b>	<b>228,271</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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**13. TANGIBLE FIXED ASSETS**

	Plant & machinery £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2016	6,699,239	23,415	6,722,654
Additions	1,049,283	-	1,049,283
Disposals	(141,000)	-	(141,000)
At 31 December 2016	7,607,522	23,415	7,630,937
<b>DEPRECIATION</b>			
At 1 January 2016	592,179	-	592,179
Charge for the period on owned assets	371,238	4,683	375,921
Disposals	(18,338)	-	(18,338)
At 31 December 2016	945,079	4,683	949,762
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>6,662,443</u>	<u>18,732</u>	<u>6,681,175</u>
At 31 December 2015	<u>6,107,061</u>	<u>23,415</u>	<u>6,130,476</u>

**14. STOCKS**

	2016 £	2015 £
Raw materials and consumables	570,211	620,964
Finished goods and goods for resale	285,256	133,828
	<u>855,467</u>	<u>754,792</u>

# NORTHWOOD TISSUE (DISLEY) LIMITED

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

### 15. DEBTORS

	2016 £	2015 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Other debtors	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
	2016 £	2015 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	2,990,120	3,494,743
Other debtors	6,254,478	642,255
Prepayments and accrued income	317,776	260,743
	<u>9,562,374</u>	<u>4,397,741</u>

### 16. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	70,515	116,182
Less: bank overdrafts	(131,705)	(52,720)
	<u>(61,190)</u>	<u>63,462</u>

### 17. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	131,705	52,720
Bank loans	639,648	134,069
Trade creditors	3,031,882	2,554,365
Corporation tax	23,083	16,910
Other taxation and social security	139,721	329,634
Other creditors	1,143,849	15,654
Accruals and deferred income	798,958	853,505
	<u>5,908,846</u>	<u>3,956,857</u>

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## NORTHWOOD TISSUE (DISLEY) LIMITED

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

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#### 18. CREDITORS: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	3,595,381	-
	<u>3,595,381</u>	<u>-</u>

#### Secured loans

A general debenture dated 15 September 2016 is held by RBS Invoice Finance Limited as security for the loan included above amounting to £4,235,029

A Chattel Mortgage dated 9 July 2012 over the company's plant and machinery is held by Lombard as security for a loan included above amounting to £Nil (2014 - £134,069). A general debenture dated 4 July 2012 is also held by Lombard over the above mentioned loan. The debenture is a fixed and floating charge over property and assets. The loan is repayable in monthly installments at a fixed rate of interest.

An all asset debenture dated 6 July 2012 is held by RBS as security for the invoice financing debt included above amounting to £131,705 (2015 - £52,690).

A general debenture dated 27 June 2012 is held by National Westminster Bank Plc. The debenture is a fixed and floating charge over property and assets.

A general debenture dated 8 January 2010 is held by Northwood Paper Sales Limited. The debenture is a fixed and floating charge over property and assets.

# NORTHWOOD TISSUE (DISLEY) LIMITED

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

### 19. LOANS

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	639,648	134,069
	<u>639,648</u>	<u>134,069</u>
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>		
Bank loans	639,648	-
	<u>639,648</u>	<u>-</u>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	2,955,733	-
	<u>2,955,733</u>	<u>-</u>
<b>TOTAL</b>	<u><u>4,235,029</u></u>	<u><u>134,069</u></u>

### 20. FINANCIAL INSTRUMENTS

	2016 £	2015 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	70,515	116,182
Financial assets that are debt instruments measured at amortised cost	9,494,600	4,386,996
	<u><u>9,565,115</u></u>	<u><u>4,503,178</u></u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(9,341,424)	(3,610,312)
	<u><u>(9,341,424)</u></u>	<u><u>(3,610,312)</u></u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and loans.

# NORTHWOOD TISSUE (DISLEY) LIMITED

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

### 21. DEFERRED TAXATION

	2016 £
At beginning of year	997,903
Charged to the profit or loss	(78,111)
<b>AT END OF YEAR</b>	<b>919,792</b>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	174,966	162,179
Deferred tax liability on revaluation of plant and machinery	744,826	835,724
	<b>919,792</b>	<b>997,903</b>

### 22. PROVISIONS

	Dilapidation Provision £
At 1 January 2016	293,680
Utilised in year	(43,470)
<b>AT 31 DECEMBER 2016</b>	<b>250,210</b>

The above provision relates to dilapidation costs in respect of the properties leased.

### 23. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

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## **NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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#### **24. CAPITAL COMMITMENTS**

At 31 December 2016 the Company had capital commitments as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	<b>43,150</b>	<b>322,283</b>
	<b>43,150</b>	<b>322,283</b>

#### **25. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £74,733 (2015 - £73,706). Contributions totaling £12,848 (2015 - £12,695) were payable to the fund at the balance sheet date and are included in creditors.

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**NORTHWOOD TISSUE (DISLEY) LIMITED**

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

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**26. COMMITMENTS UNDER OPERATING LEASES**

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

	2016 £	2015 £
<b>Other</b>		
Not later than 1 year	72,646	11,749
Later than 1 year and not later than 5 years	254,082	3,188
Later than 5 years	10,167	-
	<u>336,895</u>	<u>14,937</u>
	2016 £	2015 £
<b>Land and buildings</b>		
Not later than 1 year	250,000	250,000
Later than 1 year and not later than 5 years	750,000	-125,000
	<u>1,000,000</u>	<u>375,000</u>

**27. RELATED PARTY TRANSACTIONS**

During the year under review, the following transactions took place with entities over which the entity has significant influence over;

Sales of goods and other recharges totalling £15,606,391 (2015 - £13,428,473);

The balance due at the year end is £2,609,521 (2015 - £2,603,975) and is included in trade debtors.

Costs of purchases and other recharges totalling £7,420,296 (2015 - £8,000,092);

The balance due at the year end is £1,429,189 (2015 - £1,162,095) and is included in trade creditors.

Rent of £187,500 (2015 - £250,000) was paid.

Loans of £5,969,186 (2015 - £1,714,662) were made;

Repayments of £419,993 (2015 - £1,178,881) were received;

Loans of £1,257,029 (2015 - £nil) were received;

Repayments of £nil (2015 - £nil) were made;

As at 31 December 2016 £5,089,164 (2015 - £797,000) was due from the entities.

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £111,263 (2015: £118,381).