

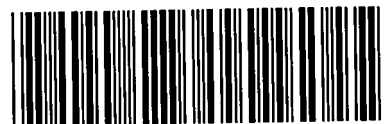
Logson 105 Limited

Annual report and financial statements

For the year ended 31 December 2015

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Logson 105 Limited

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Logson 105 Limited

Company information

Directors

J Loggie (resigned 11 November 2015)
M W Stephenson (resigned 11 November 2015)
W B Barnett (appointed 11 November 2015)
A M Loggie (resigned 11 November 2015)
J B Stephenson (resigned 11 November 2015)
B N McDonnell (appointed 11 November 2015)
A D Kelly (appointed 12 February 2016)

Registered number

09461262

Registered office

Fourth Floor
48 Gracechurch Street
London
EC3V 0EJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
8 Laganbank Road
Belfast
BT1 3LR

Bankers

HSBC Plc
4th Floor
120 Edmund Street
Birmingham
B3 2QZ

Logson 105 Limited

Strategic report

For the year ended 31 December 2015

The directors present their strategic report for the group for the year ended 31 December 2015.

Principal activities and business review

The principal activity of the group during the year continued to be that of the manufacture of corrugated fibre board. Increased turnover along with fluctuations in the unit price of paper throughout 2015 have impacted positively upon margins contributing to a further improvement in profitability of the year. All other key performance indicators have remained constant.

The group's reputation for providing excellent service and for the supply of high quality products has helped it to retain existing customers and also attract new business.

The directors use the following key performance indicators to monitor the performance of the business against prior years and competitors.

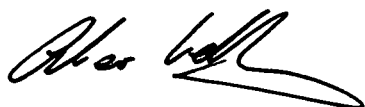
Key performance indicators	2015	2014
Turnover growth %	4.1%	4.8%
Gross margin %	21.5%	20.7%
Employees numbers	318	289

Principal risks and uncertainties

The directors are of the opinion that there are no specific risks attributable to the group of which need to be highlighted other than normal commercial risks. Risks to the business are reported and reviewed at regular meetings of the directors and risk mitigation strategies implemented as appropriate.

Competitive pressure in the United Kingdom is a continuing risk for the group, which could result in it losing sales to its key competitors. The group manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

This report was approved by the board on 20 September 2016 and signed on its behalf.



A D Kelly
Director

Logson 105 Limited

Directors' report

For the year ended 31 December 2015

The directors present their report and the financial statements of the group for the year ended 31 December 2015. The company was incorporated on 28 February 2015.

Results and dividends

The profit for the year, after taxation, amounted to £9,170,961 (2014: £6,586,714).

A dividend of £3,500,000 (2014: £3,000,000) was paid during the year ended 31 December 2015.

Directors

The directors who served during the year, and up to the date the financial statements were signed, were:

J Loggie (resigned 11 November 2015)
M W Stephenson (resigned 11 November 2015)
W B Barnett (appointed 11 November 2015)
A M Loggie (resigned 11 November 2015)
J B Stephenson (resigned 11 November 2015)
B N McDonnell (appointed 11 November 2015)
A D Kelly (appointed 12 February 2016)

Environment

The group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues.

Employee involvement

The group briefs employees on significant developments, major projects and on other matters affecting them. The group also has active health and safety committees at each site, and employees are encouraged to report any hazards, near misses, and prospective ways to improve safety of themselves and colleagues.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions to disabled employees wherever appropriate.

Future outlook

The future outlook of the group is included in the Strategic report and included in this report by cross reference.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of financial instrument risk, interest rate risk, currency risk, credit risk and liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group of these adforementioned risks.

Interest rate risk

The company's interest bearing liabilities principally comprise bank balances and finance leases and hire purchase contracts which bear interest at variable and fixed rates respectively.

Currency risk

The group uses forward contracts, where applicable, to manage foreign exchange exposures.

Directors' report

For the year ended 31 December 2015

Credit risk

Credit risk is the risk that one party to a financial transaction will cause a financial loss for that other party by failing to discharge an obligation. Group policies are structured to mitigate such losses, and require that deferred items are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations.

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 of the company for each financial year. Under that law the directors have prepared the financial statements of the company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial and Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and applicable law.) Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Logson 105 Limited

Directors' report

For the year ended 31 December 2015

Disclosure of information to auditors

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

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 September 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A D Kelly', with a long horizontal flourish extending to the right.

A D Kelly
Director

Logson 105 Limited

Independent auditors' report to the members of Logson 105 Limited

Report on the financial statements

Our opinion

In our opinion Logson 105 Limited's group and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2015 and of the profit of the group 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

Logson 105 Limited's financial statements included within the Annual report, comprise:

- the consolidated and company balance sheet as at 31 December 2015;
- the consolidated statement of income and retained earnings for the year then ended;
- the consolidated statement of cashflows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and the Strategic report for the financial year which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Logson 105 Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement on page 4, 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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

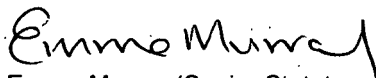
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.



Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Statutory Auditors
8 Laganbank Road
Belfast
BT1 3LR

Date: 29/1/2016

Logson 105 Limited

**Consolidated statement of income and retained earnings
For the year ended 31 December 2015**

	Note	2015 £	2014 £
Turnover	4	114,250,817	109,699,336
Cost of sales		<u>(89,697,132)</u>	<u>(87,028,478)</u>
Gross profit		24,553,685	22,670,858
Distribution costs		<u>(7,356,484)</u>	<u>(6,968,055)</u>
Administrative expenses		<u>(6,739,069)</u>	<u>(7,179,994)</u>
Operating profit	5	10,458,132	8,522,809
Interest receivable and similar income	7	451	-
Interest payable and expenses	8	<u>(111,246)</u>	<u>(148,530)</u>
Profit on ordinary activities before taxation		10,347,337	8,374,279
Tax on profit on ordinary activities	9	<u>(1,176,376)</u>	<u>(1,787,565)</u>
Profit for the financial year		9,170,961	6,586,714
Retained earnings at the beginning of the year		18,616,485	15,029,771
Profit for the financial year		9,170,961	6,586,714
Dividends declared and paid	19	<u>(3,500,000)</u>	<u>(3,000,000)</u>
Retained earnings at the end of the year		24,287,446	18,616,485

All transactions arise from continuing operations.

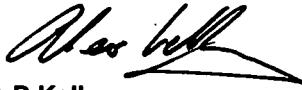
The notes on pages 12 to 27 form part of these financial statements.


Logson 105 Limited
Registered number:09461262

Consolidated balance sheet
As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	10	(572,932)	(743,364)
Tangible assets	11	10,907,049	4,115,250
		<u>10,334,117</u>	<u>3,371,886</u>
Current assets			
Stocks	13	3,965,348	4,231,047
Debtors	14	20,298,446	27,172,757
Cash at bank and in hand		10,677,507	9,316,792
		<u>34,941,301</u>	<u>40,720,596</u>
Creditors: amounts falling due within one year	15	(20,109,106)	(24,904,665)
Net current assets		<u>14,832,195</u>	<u>15,815,931</u>
Total assets less current liabilities		<u>25,166,312</u>	<u>19,187,817</u>
Creditors: amounts falling due after more than one year	16	(475,000)	(475,000)
Provisions for liabilities			
Deferred taxation	18	(403,564)	(96,030)
		<u>(403,564)</u>	<u>(96,030)</u>
Net assets		<u><u>24,287,748</u></u>	<u><u>18,616,787</u></u>
Capital and reserves			
Called up share capital		100	100
Merger reserve		202	202
Profit and loss account		24,287,446	18,616,485
Total shareholders' funds		<u><u>24,287,748</u></u>	<u><u>18,616,787</u></u>

The financial statements on pages 8 to 27 were approved and authorised for issue by the board and were signed on its behalf on 20 September 2016.


A D Kelly
 Director


W B Barnett
 Director

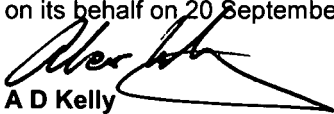
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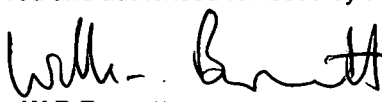
Logson 105 Limited
Registered number:09461262

Company balance sheet
As at 31 December 2015

	Note	2015 £
Fixed assets		
Investments		50
Debtors	14	50
		<u>50</u>
Net current assets		50
Net assets		<u>100</u>
Capital and reserves		
Called up share capital		100
Total shareholders' funds		<u>100</u>

The financial statements on pages 8 to 27 were approved and authorised for issue by the board and were signed on its behalf on 20 September 2016.


A D Kelly
Director


W B Barnett
Director

Logson 105 Limited

**Consolidated statement of cash flows
For the year ended 31 December 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	9,170,961	6,586,714
Adjustments for:		
Amortisation of intangible assets	(170,432)	(170,432)
Depreciation of tangible assets	825,175	771,687
Profit on sale of tangible assets	(4,649)	(103)
Movement in stocks	265,699	(240,462)
Interest paid	111,246	148,530
Interest received	(451)	-
Tax on profit on ordinary activities	1,176,376	1,787,565
Movement in debtors	171,050	(2,335,901)
Movement in creditors	(3,834,506)	862,607
Corporation tax	(1,764,365)	(1,703,805)
Net cash generated from operating activities	5,946,104	5,706,400
Cash flows used in investing activities		
Purchase of tangible fixed assets	(7,616,974)	(353,871)
Sale of tangible fixed assets	4,649	103
Interest received	451	-
Net cash used in investing activities	(7,611,874)	(353,768)
Cash flows from financing activities		
Proceeds from repayment of loans	6,813,545	-
Repayment of finance leases	(175,764)	(175,764)
Dividends paid	(3,500,000)	(3,000,000)
Interest paid	(111,246)	(148,530)
Net cash used in financing activities	3,026,535	(3,324,294)
Net movement in cash and cash equivalents	1,360,765	2,028,338
Cash and cash equivalents at beginning of year	9,316,792	7,288,454
Cash and cash equivalents at the end of year	10,677,557	9,316,792
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	10,677,507	9,316,792
	10,677,507	9,316,792

**Notes to the financial statements
For the year ended 31 December 2015**

1. General information

The principal activity of the group during the year continued to be that of the manufacture of corrugated fibre board.

The company is a private limited company by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Fourth Floor, 48 Gracechurch Street, London, EC3V 0EJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 group management to exercise judgment in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies (continued)

2.3 Tangible assets

Tangible fixed assets 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of income and retained earnings during the period in which they are incurred.

Depreciation is provided on the following bases:

Plant and machinery	-	5% - 33.3% straight line basis
Fixtures and fittings	-	10% & 100% straight line basis
Equipment	-	20% % 33.3% straight line basis

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 within 'administrative expenses' in the statement of income and retained earnings.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.5 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 balance sheet 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 the statement of income and retained earnings.

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies (continued)

2.6 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as cash, trade and other debtors, amounts owed by group undertakings and obligations under finance leases and hire purchase contracts.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright 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 statement of income and retained earnings.

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 contract.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.7 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.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

2.9 Distribution to equity holders

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the group's shareholders. These amounts are recognised in the statement of income and retained earnings.

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies (continued)

2.10 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover 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

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Where the group's interest in the fair assets of the acquirer exceeds the cost of a business combination the excess is referred to as negative goodwill. Negative goodwill up to the fair value of non-monetary assets is amortised over the same period that those non-monetary assets are depreciated. Negative goodwill above the fair value of non-monetary assets is amortised over the period the monetary assets are used, which is typically one year.

2.12 Operating leases: lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

2.13 Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to statement of income or retained earnings over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to statement of income and retained earnings over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.14 Interest income

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

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies (continued)

2.15 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.

2.16 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 change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Related party transactions

The group disclosed transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies (continued)

2.18 Employee benefits'

The group provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan

The group operated a defined contribution plan for its employees. A defined contribution pension plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in an independently administered fund.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the group's accounting policies

There are no critical judgements in applying the group's and the company's accounting policies.

(b) Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

**Notes to the financial statements
For the year ended 31 December 2015**

4. Turnover

The directors consider all turnover to derive from the manufacture of corrugated fibre board.

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	113,473,112	108,607,971
Overseas	777,705	1,091,365
	<u>114,250,817</u>	<u>109,699,336</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets: hire purchase and finance lease	72,664	72,662
Depreciation of tangible fixed assets: owned	752,511	669,023
Operating lease costs		
- Plant and equipment	597,041	581,966
- Other	2,214,779	2,324,439
Profit on sale of tangible fixed assets	(4,649)	(103)
Impairment of stocks	63,449	56,350
Reversal of impairment stocks	(56,350)	(89,347)
Stocks recognised as an expense	70,350,071	69,221,725
Fees payable to the group's auditor for the audit of the group's annual accounts	43,000	43,000
Exchange differences	1,275	2,805
Amortisation of negative goodwill	<u>(170,432)</u>	<u>(170,432)</u>

Notes to the financial statements
For the year ended 31 December 2015

6. Employees

	2015 £	2014 £
Staff costs were as follows:		
Wages and salaries	9,850,286	8,901,302
Social security costs	998,610	924,076
Other pension costs	374,062	350,101
	<u>11,222,958</u>	<u>10,175,479</u>

The group's directors were not remunerated for their services to the group but instead received emoluments for their services to the Logson group of companies. The directors do not believe that it is practicable to apportion this amount between services as a director of the group and services as a director of other group companies.

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

	2015 Number	2014 Number
Production	246	216
Administration	72	73
	<u>318</u>	<u>289</u>

7. Interest receivable and similar income

	2015 £	2014 £
Other interest receivable	451	-
	<u>451</u>	<u>-</u>

8. Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	40,841	36,973
Other loan interest payable	59,696	100,938
Finance leases and hire purchase contracts	10,709	10,619
	<u>111,246</u>	<u>148,530</u>

Notes to the financial statements
For the year ended 31 December 2015

9. Tax on profit on ordinary activities

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	889,809	1,785,289
Adjustments in respect of previous periods	(20,967)	-
Total current tax	<u>868,842</u>	<u>1,785,289</u>
Deferred tax		
Origination and reversal of timing differences	341,596	10,428
Adjustment in respect of previous periods	20,487	-
Effects of changes in tax rates	(54,549)	(8,152)
Total deferred tax	<u>307,534</u>	<u>2,276</u>
Tax on profit on ordinary activities	<u><u>1,176,376</u></u>	<u><u>1,787,565</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 :lower than) the standard rate of corporation tax in the UK of 20.25% (2014 :21.5%. The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>10,347,337</u>	<u>8,374,279</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.5%%)	2,095,336	1,800,470
Effects of:		
Expenses not deductible for tax purposes	15,955	31,890
Adjustments in respect of previous periods	(480)	-
Changes in tax rates	(54,549)	(8,152)
Group relief claimed	(845,374)	-
Income not taxable	(34,512)	(36,643)
Tax on profit on ordinary activities	<u><u>1,176,376</u></u>	<u><u>1,787,565</u></u>

**Notes to the financial statements
For the year ended 31 December 2015**

9. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation Tax rate which decreased from 21% to 20% from 1 April 2015. Accordingly the group's taxable profits are taxed at a rate of 20.25% during the year.

Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Act 2015 (substantively enacted on 26 October 2015). These reduce the main rate of tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates

10. Intangible assets

Group

	Negative goodwill £
Cost	
At 1 January 2015	(743,364)
At 31 December 2015	(743,364)
Amortisation	
Charge for the year	(170,432)
At 31 December 2015	(170,432)
Net book value	
At 31 December 2015	(572,932)
At 31 December 2014	(743,364)

Notes to the financial statements
For the year ended 31 December 2015

11. Tangible assets

Group

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2015	35,129,447	467,377	744,507	36,341,331
Additions	7,599,755	1,211	16,008	7,616,974
Disposals	-	(1,590)	-	(1,590)
At 31 December 2015	42,729,202	466,998	760,515	43,956,715
Accumulated depreciation				
At 1 January 2015	31,293,091	454,600	478,390	32,226,081
Charge for the year	713,779	10,693	100,703	825,175
Disposals	-	(1,590)	-	(1,590)
At 31 December 2015	32,006,870	463,703	579,093	33,049,666
At 31 December 2015	10,722,332	3,295	181,422	10,907,049
At 31 December 2014	3,836,356	12,777	266,117	4,115,250

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

	2015 £	2014 £
Plant and machinery	-	557,200
	-	557,200

Logson 105 Limited

Notes to the financial statements For the year ended 31 December 2015

12. Investments

	2015 £
Company	
Additions	50
At 31 December 2015	50

Subsidiary undertakings

The following was a subsidiary undertakings of the group:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Board 24 Ltd	England & Wales	Ordinary	100%	Manufacture of corrugated fibre board
Logson 102 Limited	England & Wales	Ordinary	100%	Holding company
Logson Investments (Midlands) Limited	England & Wales	Ordinary	100%	Holding company
Board24 (Preston) Limited	England & Wales	Ordinary	100%	Dormant company
Board24 (Scotland) Limited	England & Wales	Ordinary	100%	Dormant company

13. Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Raw materials and consumables	3,374,396	3,843,362	-	-
Finished goods and goods for resale	590,952	387,685	-	-
	3,965,348	4,231,047	-	-

Notes to the financial statements
For the year ended 31 December 2015

14. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	18,529,491	17,505,790	-	-
Amounts owed by related undertakings	-	6,813,545	-	-
Other debtors	-	-	50	-
Prepayments and accrued income	1,658,721	2,853,422	-	-
Corporation tax recoverable	110,234	-	-	-
	20,298,446	27,172,757	50	-

Amounts owed by related undertakings are unsecured, interest free and repayable on demand.

15. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	15,305,812	19,725,153	-	-
Corporation tax	-	785,289	-	-
Other taxation and social security	1,248,423	1,490,461	-	-
Obligations under finance lease and hire purchase contracts	-	175,764	-	-
Accruals and deferred income	3,554,871	2,727,998	-	-
	20,109,106	24,904,665	-	-

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Other creditors	475,000	475,000	-	-
	475,000	475,000	-	-

Notes to the financial statements
For the year ended 31 December 2015

17. Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets held at amortised cost				
Trade debtors	18,529,491	17,505,790	-	-
Amounts owed by group undertakings	-	-	-	-
Amounts owed by related party undertakings	-	6,813,545	-	-
Cash balances	10,677,507	9,316,792	-	-
Other debtors	-	-	50	-
	<u>29,206,998</u>	<u>33,636,127</u>	<u>50</u>	<u>-</u>
Financial liabilities held at amortised cost				
Trade creditors	(15,305,812)	(19,725,153)	-	-
Accruals	(3,554,871)	(2,727,998)	-	-
Other creditors	(475,000)	(475,000)	-	-
	<u>(19,335,683)</u>	<u>(22,928,151)</u>	<u>-</u>	<u>-</u>

18. Deferred taxation

Group

	Deferred tax £
At 1 January 2015	(96,030)
Charged to the statement of income and retained earnings during the year	(307,534)
At 31 December 2015	<u>(403,564)</u>

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	(116,517)	(223,210)	-	-
Other short term timing differences	(287,047)	127,180	-	-
	<u>(403,564)</u>	<u>(96,030)</u>	<u>-</u>	<u>-</u>

19. Dividends

	2015 £	2014 £
Dividends of £35,000 (2014: £30,000) per ordinary share	<u>3,500,000</u>	<u>3,000,000</u>

Notes to the financial statements
For the year ended 31 December 2015

20. Share capital

	2015 £	2014 £
Authorised		
100 (2014: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

21. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £374,062 (2014 - £350,101).

22. Commitments under operating leases

At 31 December 2015 the group had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Land and buildings		
Within 1 year	2,565,894	2,265,894
Within 2 to 5 years	7,726,639	7,697,533
After more 5 years	17,205,000	14,600,000
	<u>27,497,533</u>	<u>24,563,427</u>

Other

	2015 £	2014 £
Within 1 year	371,017	319,048
Within 2 to 5 years	780,193	639,317
After more than 5 years	27,104	-
	<u>1,178,314</u>	<u>958,365</u>

Notes to the financial statements
For the year ended 31 December 2015

23. Related party transactions and ultimate controlling party

The company's ultimate controlling party are the shareholders of W.& R. Barnett, Limited.

Transactions with related parties are as follows:

Name of related party	Nature of transaction	Amount of transaction		Amount owed by/(to) related party	
		2015 £	2014 £	2015 £	2014 £
Logson Property Investments (Northern) Limited	Rent payable	(733,654)	(1,095,000)	-	-
	Loan repaid	-	(6,813,545)	-	-
	Construction income	878,183	-	-	-
(Common influence)					
Brumor Limited	Rent payable	(164,178)	-	-	-
(Common influence)					
Inspirepac Limited	Sales	2,114,573	6,468,541	-	1,217,853
(Common influence)	Purchases	(4,429)	(8,218)	-	(2,111)

24. Parent undertakings

The group's immediate parent company at the balance sheet date was Logson Holdings Limited, a company registered in England & Wales.

The group's ultimate parent company at the balance sheet date was W.&R .Barnett, Limited, a company registered in Northern Ireland.

Group financial statements for these companies as at 31 December 2015 are not produced.

25. Transition to FRS 102

This is the first year that the group has presented its results under FRS 102. The last financial statements were under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.