

# **Walstead Group Limited**

## **Annual report and financial statements for the period from 22 December 2015 to 31 December 2016**

Registered number 09927306

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# **Walstead Group Limited**

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## **Walstead Group Limited**

### **Company information**

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#### **Directors**

Richard Fookes  
Oliver Jones  
Roy Kingston  
Ron Marsh  
Debbie Read  
Zoe Repman  
Michael Reynolds  
Julian Rothwell  
Mark Scanlon  
Paul Utting

#### **Registered office**

22 Westside Centre  
London Road  
Colchester  
Essex  
CO3 8PH

#### **Registered number**

Registered in England & Wales, number 09927306

#### **Independent auditor**

Deloitte LLP  
Statutory Auditor  
London

# **Walstead Group Limited**

## **Chairman's statement**

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### **A transformational year**

I am delighted to present the inaugural annual report and financial statements of Walstead Group Limited – a new UK company formed to acquire and amalgamate what were three independent commercial printing groups, two of which operated under the Walstead brand and had common owners, namely Walstead UK Limited (formerly Walstead Investments Limited), and Walstead Iberia Limited (formerly Walstead Capital Limited), and Walstead CE Limited which was the corporate entity we used to acquire Let's Print Holding AG, Austria's largest printing group. The culmination of these transactions means the Walstead Group Limited is the second largest and most profitable independent web offset printing business in Europe. Alongside our excellent results, which you will find on the following pages, you will see that we have expanded our shareholder base with the introduction of Rutland Partners who invested £34.0 million in the Group at the same time as these transactions. These are covered in more detail in the notes to these accounts.

In the six months of trading to 31 December 2016, the Group's revenue was €260 million, EBITDA (adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation and adjusted for exceptional items such as redundancies) €36.6 million and operating profit (before non-underlying items) €22.1 million. As the Group was formed on 22 June 2016, there are no comparable prior period figures. My report covers the three territories where we operate our businesses, namely the UK, Spain, and Austria (the latter including subsidiaries in the Czech Republic and Slovenia).

As always, the directors keep a very close eye on the Group's debt and cash flow. Net debt at 31 December 2016 was €67.9 million which included €18.3 million owing to the Group's shareholders. Net cash inflow from operating activities during the period was €44.0 million. Net current liabilities at 31 December 2016 were €33.2 million of which €7.7 million was due under revolving credit facilities with no fixed repayment date or facility termination date. Further financial details and key performance indicators are provided in the strategic report below.

I am pleased to report that trading in the first seven months of 2017 has been satisfactory. Unaudited revenue to 31 July 2017 was €266.7 million and unaudited adjusted EBITDA in the same period was €27.4 million. Net debt as at 31 July 2017 was €134.2 million; payments of €21.4 million have been made since the closing balance as at 31 December 2016.

Our strategy is to continue growing the existing businesses and also acquiring new ones. Opportunities for the latter are manifold in mainland Europe, and it is there that we are proactively targeting print businesses that would complement the Group by increasing our geographic range and breadth of services. With this focus, and having the majority of our revenue, earnings, assets and employees on the continent, we are reporting in Euro in these accounts.

### **Walstead UK**

In my statement for Walstead UK Limited's 2015 accounts I commented that the decline in that company's revenue compared to the 2014 period was primarily attributable to the loss in that year of our largest customer, Time Inc. UK, to our main rival, Polestar, and that this precipitated the closure of our Wyndeham Heron web offset printing subsidiary. I am now pleased to report that we have regained that work and, indeed, all of Time Inc.'s other UK print work (which we did not previously produce) following

## **Walstead Group Limited**

### **Chairman's statement *continued***

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the insolvency of Polestar. In order to cope with this additional volume and that of many other magazine and catalogue publishers who had to quickly find an alternative printer, we acquired certain assets of Polestar's Bicester web offset facility and employed all 298 of its staff in a new subsidiary, Wyndeham Bicester Limited. This new business has quickly made a positive contribution to the Group. I cannot recall a time in the UK web offset and gravure industry when there has been so much upheaval involving tens of millions of pounds of print work having to be moved from one printer to another within a few weeks and, in some cases, days. And for all the work we took on, we did not miss one deadline – so, thank you for the hard work and tireless dedication put in by our UK team and the trust placed in us by our new ex-Polestar customers. We look forward to being of service to you for many more years.

Following Polestar's remarkable feat of going bust twice in just over a month, I can report that there has been more stability in the UK market.

In the period from 22 June 2016 to 31 December 2016 Walstead UK delivered an excellent result which included revenue of €67.1 million, EBITDA of €12.7 million and operating profit of €9.1 million.

### **Walstead Iberia**

Our two businesses in Spain had a mixed year. Our only Spanish gravure printing competitor, Heliocolor, ceased trading. This resulted in Eurohueco, our gravure printing subsidiary, being inundated with work. However, and despite our factory producing substantially more volume than in 2015, an adverse work mix initially impacted on gross margins and consequently profits. I am pleased to report that this situation has now been resolved and we expect the business to perform better in 2017. Our web offset printing business, Rotocobri, enjoyed a good year. Its earnings and cash flow were an improvement on those achieved in 2015.

The Spanish market remains competitive, particularly in the publishing sector, where, as in the UK, volumes continued to fall albeit at a manageable rate. We will continue to target key customers in this market and also increase our share of retail printing both in Spain and France – our largest export market. In November 2016 we appointed José Maria Camacho, a highly-experienced print executive, to the new role of CEO of Walstead Iberia. We believe he will greatly enhance the prospects of our Spanish group. In the period from 22 June 2016 to 31 December 2016 Walstead Iberia delivered revenue of €65.7 million, EBITDA of €7.1 million and operating profit of €5.4 million.

### **Walstead CE**

In June 2016 we acquired Let's Print Holding AG using an intermediate holding company, Walstead CE Limited. Let's Print is the largest Austrian printing group with 714 employees operating from four factories in Austria, the Czech Republic and Slovenia. Around 70% of its business is derived from the printing of promotional flyers for retail and other commercial customers in Austria, Germany, the Czech Republic and Switzerland. This is a market which the Group is targeting for growth, both organically and through acquisitions.

In the period from 22 June 2016 to 31 December 2016 Walstead CE delivered revenue of €127.3 million, EBITDA of €16.2 million and operating profit of €11.9 million.

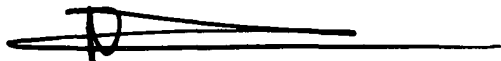
## **Walstead Group Limited**

### **Chairman's statement** *continued*

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#### **Our stakeholders**

Stakeholders from many walks of life – customers, suppliers, employees, trade unions, bankers, and shareholders – play an essential role in maintaining the progress of Walstead. We remain grateful to them all for the support they provide to the Group.

A handwritten signature in black ink, appearing to be 'M Scanlon', written over a horizontal line.

**M Scanlon**

Chairman

September 2017

# **Walstead Group Limited**

## **Strategic report**

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### **About us**

Walstead Group Limited (formerly Wallace Bidco Limited) was incorporated on 22 December 2015 and changed its name on 24 June 2016. On 22 June 2016 the Company brought together three printing entities: (1) Walstead UK Limited (operating four web offset printing sites, one sheet-fed printing site and a pre-media graphic services business – all in the UK); (2) Walstead Iberia Limited (operating one web offset printing site and one gravure printing site – both in Spain); and (3) Walstead CE Limited, an intermediate holding company of Let's Print Holding AG (operating two web offset printing sites in Austria, and one site each in the Czech Republic and Slovenia). The overall strategy of the Group is to become the largest independent commercial printing and print-related services company in Europe.

The acquisition of these leading printing businesses was facilitated with funds provided by Rutland Partners who hold 53.0% of the shares in the Company. The senior management team retain 47.0% of the shares and are appropriately motivated to manage and develop the enlarged Group.

The Group employs over 2,400 staff in five countries and is expected to deliver consolidated revenue of approximately €500 million in the 2017 financial year.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

### **Strategy and objectives**

Walstead is a leading printing and print-related services group operating in Europe. The core business is the conversion of white paper into finished printed products for retail, publishing and commercial customers. The main products are flyers and catalogues for the retail sector and magazines for publishers.

The strategy is to continue to grow the Group, both organically and by acquisition, to leverage economies of scale in all aspects of operations as well as to provide the widest possible geographic coverage to large European customers. Walstead is the second largest commercial printing group in Europe and as a result is able to deliver economies of scale far beyond most competitors and this in turn delivers significant value to shareholders. Competition in the sector is fragmented with numerous small operators largely serving local markets. In addition to volume-related economies of scale, the Group is also able to leverage additional benefits through adopting best Europe-wide practices in production, distribution efficiencies through multiple production sites, and efficient routes to market through a coordinated sales strategy.

The Group will continue to look for opportunities in the print supply chain, from pre-media to post-press services, from paper management to logistics, from digital to gravure. The financial stability of the Group will continue to underpin day-to-day operations and the growth strategy.

The printing industry is evolving rapidly with certain markets being subject to increased competition from the digital media sector. This has resulted in a reduction in market size for certain product categories, particularly publishing. However, other types of products such as those for retailers remain robust. The other important feature of the competitive landscape is the competitor position and this, too, is evolving with the weakest players suffering from a high rate of attrition. This was best illustrated in 2016 by the insolvency of Polestar which, at the date of its insolvency, was the largest commercial printer in the UK. Our strategy is to focus on markets where demand is strongest either because competition is weak or end markets are robust.

## Walstead Group Limited

### Strategic report *continued*

#### Principal risks and uncertainties

The Group's risk management principles are that we only take risks relevant to our strategic goals and that those risks are balanced with proportionate reward. The senior management team identify and control risks through their weekly operational meetings and monthly Board meetings. In addition, the internal audit function provides assurance that controls are adequate to manage risks or highlights if they require improvement.

The principal risks facing the Group include:

Risk	Impact on Group	Mitigation of risk
Acquisitions do not deliver expected results	Failure to deliver on investment could impact the Group's reputation, lead to lower-than-expected profits and may lead to future funding difficulties.	<p>The Group has a disciplined approach to identifying and testing acquisitions to ensure they are appropriate, from a strategic, commercial, financial and operational perspective.</p> <p>Integration teams utilising existing Group and acquisition employees are formed to enable a smooth transition.</p> <p>Post-acquisition results are captured and reported to the Board quickly.</p>
Market pressure	Failure to respond to the continued competitive pressures in a declining market could lead to revenues and margins irreversibly weakening.	The Group manages this risk by ensuring the quality of its products, 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. The Group's strategy is to focus on markets with greatest longevity and where competition is weak.
Brexit	The vote to leave the European Union could result in an economic slow-down affecting customer discretionary spend and exchange rate fluctuations.	The increased diversification into the Central European markets reduces the Group's dependency on the UK market. The reduced dependency on the UK market reduces the risk to the Group of a recession or downturn in the market in the UK. In addition the Group has very little cross-border trade from the UK into Europe or from Europe into the UK. Therefore the position of any tariffs following Brexit would present little risk to the business.



## Walstead Group Limited

### Strategic report *continued*

Risk	Impact on Group	Mitigation of risk
Reliance on key suppliers	Supply disruption could impact customer satisfaction as an inability to print to schedule, leading to loss of revenue.	The Group has processes in place to manage and monitor exposure to significant counterparties centrally and within the manufacturing sites; where we are exposed regarding specialised products, supplier and customer communication is at the heart of the process to ensure delivery is maintained. For all of our key purchases we have relationships with alternative suppliers should there be a failure amongst any of the key suppliers.
Reliance on key employees	The resignation of key employees and the inability to recruit people with the right expertise and skills could adversely affect the Group's results.	Training programmes and succession planning reduce this risk so that we have continuity. Incentive programmes also assist in retaining staff.
Cyber breach	Major information security breach or cyber attack could result in reputational damage, business interruption and litigation, as well as negative impact on customer relations including loss of confidence. Potential exposure to fines or prosecution (Data Protection Act).	The risk of attack is continuous and we look to minimise the risks with firewalls and up-to-date anti-virus protection systems.  Group policies, staff training and data backup routines ensure high levels of protection.  Data protection policies and practices are in place.

## Corporate and social responsibility

### Environmental, employee, social, community and human right matters

The Group's performance depends largely on its managers and staff. The resignation of key employees and the inability to recruit people with the right expertise and skills could adversely affect the Group's results. To mitigate these risks, the Group operates a training programme for its employees and provides incentives linked to the results that are designed to retain key personnel.

The Group has consistently sought to recruit and retain the best employees in order to provide good customer service, which is the foundation of the business.

The Group recognises the importance of understanding and controlling environmental impacts where possible. We aim to ensure our paper is sourced from sustainably and environmentally managed forests, and production waste materials are effectively recycled. Our printing processes aim to be as efficient as reasonably possible to minimise emission and other environmental impacts.

The Group is committed to working closely, and in a sustainable manner, with our suppliers and business partners. We consider our broader role within the community and look for opportunities where we can play a larger part in those communities.

## Walstead Group Limited

### Strategic report *continued*

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The Group supports the principles laid out in the Universal Declaration of Human Rights; our major human rights impacts relate to colleagues, contractors, suppliers and our products.

#### Employee gender diversity

	Male	Female
<b>Directors of the Company</b>	7	2
Directors of subsidiary companies not included in the above	12	-
<b>Total senior managers other than directors of the Company</b>	19	2
Employees in other senior executive positions	67	10
Other employees of the Group	1,925	389
<b>Total employees of the Group</b>	<b>2,011</b>	<b>401</b>

#### Business performance

The Group has performed well during the period from 22 June 2016 (when it was commercial trading) through to 31 December 2016. The Group made an underlying operating profit of €22.1 million and €16.7 million after non-underlying items in the period. For details of non-underlying items refer to Note 7 of the financial statements. Net assets of the Group were €19.8 million at 31 December 2016, including €121.9 million net book value of property, plant and equipment. The latter were acquired as part of the acquisition of the Group's subsidiaries in June 2016, at which time all significant property, plant and equipment were revalued to market value.

From a cash perspective, new funding was put in place to acquire the Let's Print Holding AG and the ex-Polestar Bicester assets. The new finance facilities, coupled with the strong operational performance and improvements in working capital management, have driven strong cash flows and debt repayment.

At the year end our net external debt/EBITDA ratio was 1.1 times and net debt had been reduced by €6.0 million in the prior six-month period. Within each territory there is sufficient headroom to continue trading for the foreseeable future. Each territory operates independently in respect of local funding arrangements, with shareholder funding being provided to the Group via Walstead Finance Limited. The Group finances its operations through a mixture of shareholders' loans, internal borrowings and external borrowings, both unsecured and secured on the Group's property, plant and machinery, and receivables.

The Group has generated strong cash flows and maintained a high degree of liquidity. Group cash balances available at 31 December 2016 were €23.6 million and, in addition the Group held €7.3 million of undrawn bank loan facilities at that date.

## Walstead Group Limited

### Strategic report *continued*

#### Fair review of the business

A summary of the key financial results for the period 22 June 2016 to 31 December 2016 is set out in the table below.

Financial highlights	22.6.2016 to 31.12. 2016 €'000
Revenue <sup>(1)</sup>	260,043
EBITDA (adjusted) <sup>(2)</sup>	36,584
Profit after tax <sup>(1)</sup>	11,334
Net assets <sup>(1)</sup>	19,761

(1) As stated in the financial statements;

(2) Represents earnings before interest, tax, depreciation, amortisation and exceptional items.

#### Key performance indicators (KPIs)

The Group's directors use key performance indicators to measure progress in delivering the business model and creating sustainable shareholder returns. In the period under review the Group used the following key performance indicators:

	22.6.2016 to 31.12.2016
EBITDA (adjusted) as a percentage of revenue (excluding paper charges)	23.3%
EBITDA (adjusted) return on capital employed	26.2%
External net debt to EBITDA (adjusted) <sup>(3)</sup>	1.1x
Added value <sup>(4)</sup> per production employee	€49,161
Added value as a percentage of revenue (excluding paper charges)	64.6%

(3) EBITDA is per the full year consolidated management accounts;

(4) Represents revenue less cost of external direct consumables, such as paper, ink and plates.

EBITDA is a key metric to understand the business as it gauges the cash generation and operational success of the business on a comparable sustainable basis. Added value provides the management team with an understanding of the direct variable profit impact either through operational efficiencies or revenue growth. Expressing EBITDA and added value as percentages ensures year on year assessments.

Our colleagues and their skills are one of our most valuable resources; their satisfaction is measured by looking at their operational effectiveness.

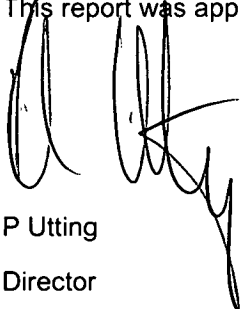
A robust financial framework balances the Group's financial stability with the flexibility required to target acquisitions.

**Walstead Group Limited**  
**Strategic report** *continued*

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**Approval**

This report was approved by the board of directors on 21 September 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P Utting', written over a horizontal line.

P Utting

Director

September 2017

## Walstead Group Limited

### Directors' report

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The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the period from 22 December 2015 to 31 December 2016.

There have been no significant events since the balance sheet date. An indication of likely future developments in the business of the Group is included in the strategic report.

Information about the use of financial instruments by the Group and its subsidiaries is given in Note 35 to the financial statements.

#### Dividends

The directors do not recommend the payment of a dividend following their approval of the 2016 consolidated financial statements and no dividends were paid during the period.

#### Directors

The directors who served *throughout* the reporting period and to the date of signing, except as noted, were as follows:

- Mark Scanlon (*chairman, appointed 22 June 2016*)
- Paul Utting (*chief executive officer, appointed 22 June 2016*)
- Oliver Jones (*appointed 8 March 2016*)
- Michael Reynolds (*appointed 8 March 2016*)
- Zoe Repman (*chief financial officer, appointed 28 June 2016*)
- Roy Kingston (*chief operating officer, appointed 28 June 2016*)
- Debbie Read (*commercial director, appointed 28 June 2016*)
- Ron Marsh (*senior independent non-executive director, appointed 22 December 2016*)
- Richard Fookes (*non-executive director, appointed 22 June 2016*)
- Julian Rothwell (*director, appointed 17 July 2017*)
- David Wardrop (*appointed 22 December 2015, resigned 8 March 2016*)
- Rahul Satsangi (*appointed 22 December 2015, resigned 8 March 2016*)
- Nicholas Morrill (*appointed 22 December 2015, resigned 26 January 2017*)
- Richard Bursby (*appointed 22 December 2015, resigned 22 December 2015*)

#### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and these remain in force at the date of this report.

#### 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 and to provide training and career development and promotion to disabled employees wherever appropriate.

#### Employee involvement

During the period, the policy of providing employees with information about the Group has been achieved through internal media methods. Employees have also been encouraged to present their suggestions and views on the Group's performance. Meetings are held between local management and employees to cultivate a free flow of information and ideas.

## Walstead Group Limited

### Directors' report *continued*

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#### Going concern basis

Each of the persons who is a director at the date of approval of this annual report and financial statements confirms that the Group's business activities together with the principal risk factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Strategic Report. A number of principal risk factors could potentially affect the Group's results and financial position. In particular, the current economic climate creates uncertainties over the level of demand for the Group's products and services. The Group adopts extensive business planning and forecasting processes for its trading results and cash flows and updates these forecasts to reflect current trading on a regular basis.

The Group sensitises its projections to reflect possible changes in trading performance and cash conversions. The Directors have sensitised its forward projections to reflect reasonable worst case scenarios which could arise as a consequence of the most financially material of the Group's principal risks crystallising. The projections support the view that for the period up to 30 September 2018 the Group is expected to be able to operate within the level of its current financing and meet its covenant requirements for a period of one year from the date of the signing of the Group's financial statements for the year ended 31 December 2016, as per Note 2. After making enquiries, the Directors have a reasonable expectation that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

#### Auditor

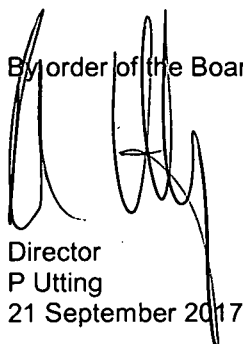
Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Deloitte LLP, has indicated its willingness to continue in office and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the Board,



Director  
P Utting  
21 September 2017

## **Walstead Group Limited**

### **Directors' responsibilities statement**

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The directors are responsible for preparing the Annual 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Walstead Group Limited**

## **Independent auditor's report to the members of Walstead Group Limited**

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We have audited the financial statements of Walstead Group Limited for the period ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 45. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 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.



# Walstead Group Limited

## Independent auditor's report to the members of Walstead Group Limited *continued*

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### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

### 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.

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Ian Smith (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, UK  
22 September 2017

# Walstead Group Limited

## Consolidated income statement

For the period from 22 December 2015 to 31 December 2016

		Underlying 2016 €'000	Non- underlying (see Note 7) 2016 €'000	Total period ended 2016 €'000
	Note			
<b>Continuing operations</b>				
Revenue	4,5	260,043	-	260,043
Cost of sales		(197,066)	-	(197,066)
<b>Gross profit</b>		62,977	-	62,977
Other operating income	4	9,703	-	9,703
Distribution costs		(12,342)	-	(12,342)
Administrative expenses	7	(38,219)	(11,535)	(49,754)
Negative goodwill write-back	7	-	20,399	20,399
Goodwill impairment	7	-	(14,243)	(14,243)
Share of results of associates		18	-	18
<b>Operating profit</b>		22,137	(5,379)	16,758
EBITDA (adjusted)*		36,584	-	36,584
Depreciation		(10,515)	-	(10,515)
Amortisation		(3,932)	-	(3,932)
Exceptional items	7	-	(5,379)	(5,379)
<b>Operating profit</b>		22,137	(5,379)	16,758
Profit on derivative classified as FVTPL	21	152	-	152
Loss on disposal of fixed assets		(35)	-	(35)
Finance costs	10	(4,421)	-	(4,421)
<b>Profit before tax</b>		17,833	(5,379)	12,454
Tax	11	(3,740)	2,620	(1,120)
<b>Profit for the period</b>	6	14,093	(2,759)	11,334
Attributable to:				
Owners of the Company		14,093	(2,759)	11,334

\*Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, exceptional items, profit on derivative and loss on disposal on fixed assets.

**Walstead Group Limited**  
**Consolidated statement of comprehensive income**  
For the period from 22 December 2015 to 31 December 2016

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	Note	Period ended 2016 €'000
<b>Profit for the period</b>		<u>11,334</u>
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial gain on defined pension scheme	33	11
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	27	<u>8,351</u>
<b>Other comprehensive income for the period</b>		<u>8,362</u>
<b>Total comprehensive income for the period</b>		<u><u>19,696</u></u>
<b>Total comprehensive income attributable to owners of the Company</b>		<u><u>19,696</u></u>

**Walstead Group Limited**  
**Consolidated balance sheet**  
As at 31 December 2016

	Note	2016 €'000
<b>Non-current assets</b>		
Goodwill	12	29,588
Other intangible assets	13	17,308
Property, plant and equipment	14	121,896
Interests in associates	16	187
Deferred taxation	22	5,188
		<u>174,167</u>
<b>Current assets</b>		
Inventories	18	20,794
Trade and other receivables	19	79,642
Cash and bank balances		23,614
Derivative financial instruments	21	152
		<u>124,202</u>
<b>Total assets</b>		<u>298,369</u>
<b>Current liabilities</b>		
Trade creditors	24	(59,698)
Current tax liabilities		(26)
Obligations under finance leases	23	(1,899)
Borrowings	20	(56,482)
Other payables	24	(19,230)
Accruals		(16,848)
Short-term provisions	25	(2,750)
Deferred revenue	34	(504)
		<u>(157,437)</u>
<b>Net current liabilities</b>		<u>(33,235)</u>
<b>Non-current liabilities</b>		
Borrowings	20	(27,432)
Amounts owed to group undertakings		(66,714)
Retirement benefit obligations	33	(216)
Long-term provisions	25	(10,477)
Obligations under finance leases	23	(5,708)
Deferred revenue	34	(2,563)
Deferred taxation	22	(8,061)
		<u>(121,171)</u>
<b>Total liabilities</b>		<u>(278,608)</u>
<b>Net assets</b>		<u>19,761</u>

**Walstead Group Limited**  
**Consolidated balance sheet *continued***  
As at 31 December 2016

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	Note	2016 €'000
<b>Equity</b>		
Share capital	26	65
Translation reserves	27	8,351
Retained earnings	28	11,345
<b>Total equity</b>		<u>19,761</u>

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 21 September 2017. They were signed on its behalf by:



Director  
Z Repman

## Walstead Group Limited

### Consolidated statement of changes in equity

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#### Equity attributable to equity holders of the Company

	Share capital €'000	Translation reserve €'000	Retained earnings €'000	Total equity €'000
<b>Balance at 22 December 2015</b>	-	-	-	-
Profit for the period	-	-	11,334	11,334
Actuarial gain recognised in the pension scheme	-	-	11	11
Issue of share capital	65	-	-	65
Exchange gain on translation of foreign operations	-	8,351	-	8,351
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<u>65</u>	<u>8,351</u>	<u>11,345</u>	<u>19,761</u>

**Walstead Group Limited****Consolidated cash flow statement**

For the period from 22 December 2015 to 31 December 2016

	Note	Year ended 2016 €'000
<b>Net cash from operating activities</b>	30	44,039
<b>Investing activities</b>		
Purchases of property, plant and equipment		(3,708)
Acquisition of subsidiaries		(49,815)
<b>Net cash used in investing activities</b>		(53,523)
<b>Financing activities</b>		
Repayments of borrowings		(6,156)
Repayments of obligations under finance leases		(556)
Repayments of revolving credit & invoice factoring		(11,105)
New long term loans		56,589
<b>Net cash from financing activities</b>		38,772
<b>Net increase in cash and cash equivalents</b>		29,288
<b>Cash and cash equivalents at beginning of period</b>		-
Effect of foreign exchange rate changes		(5,674)
<b>Cash and cash equivalents at end of period</b>	30	23,614

# Walstead Group Limited

## Notes to the consolidated financial statements

For the period ended 31 December 2016

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### 1. General information

Walstead Group Limited ("Company") is a company incorporated in the UK under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales with registration number 09927306. The address of the Company's registered office is 22 Westside Centre, London Road, Colchester, Essex CO3 8PH.

The principal activities of the Company and its subsidiaries ("Group") and the nature of the Group's operations are set out in Note 5 and in the strategic report on pages 5 to 10.

These financial statements are presented in Euro ("€") because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 2.

### 2. Significant accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective or have not yet been adopted by the EU:

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>
IFRS 2 (amendments)	<i>Classification and Measurement of Share-based Payment Transactions</i>
IAS 7 (amendments)	<i>Disclosure Initiative</i>
IAS 12 (amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 9 may have an impact on both the measurement and disclosures of financial instruments;
- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 is expected to have an impact on the reported assets, liabilities and income statement of the Group. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.



**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

**Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Strategic report on pages 5 to 10, and directors report page 12.

**Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

**Goodwill**

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

**Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for rebates and other similar allowances.

***Sale of goods***

Revenue from the sale of goods and services is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

***Interest income***

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

***Rental income***

The Group's policy for recognition of revenue from operating leases is described below.

***Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The Group as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

***The Group as lessee***

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

**Foreign currencies**

The individual financial statements of each group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group Company are expressed in euro, which is the currency of the primary economic environment in which the Group operates, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into forward contracts against certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

**Non-underlying items**

The Group presents underlying and non-underlying (Note 7) results to provide additional useful information on the operational performance of the Group. Non-underlying costs includes costs that are not directly attributable to the printing and print-related services of the Group. These costs include acquisition and re-financing costs, restructuring costs, goodwill adjustments, investment impairments and exchange impact on loans and interest charges.

**Operating profit**

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs.

**Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs within cost of sales and administrative expenses in its consolidated income statement.

Net-interest expense or income is recognised within finance costs.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the re-measurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19:70.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

***Current tax and deferred tax for the year***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	4% per annum
Plant and machinery	10% - 50% per annum
Fixtures and equipment	30% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.



**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

**Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation charge to the profit and loss account is disclosed within administrative expenses. The amortisation is based over the useful life of the intangible asset; this is between 1 and 5 years.

**Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Inventories**

Raw materials are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overhead based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**2. Significant accounting policies *continued***

**Financial instruments**

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

***Financial assets***

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

***Trade and other receivables***

Trade receivables and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment. All balances over 90 days old are reviewed individually and bad debt provisions are provided where a recoverability risk exists.

***Financial assets at FVTPL***

Financial assets are classified as at FVTPL when the financial asset is held for trading. It is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 35.

***Financial liabilities at FVTPL***

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. It is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 35.

# **Walstead Group Limited**

## **Notes to the consolidated financial statements**

For the period ended 31 December 2016

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### **2. Significant accounting policies *continued***

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### ***Derivative financial instruments***

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 21.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss. The Group designates certain derivatives against foreign currency risk.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### ***Restructurings***

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

#### ***Employee and loyalty bonus provision***

Both of these provisions relate to a legal requirement for Austrian and Slovenian employees to accrue specific costs; the provisions are calculated by an actuary.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
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**3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Critical judgements in applying the Group's accounting policies***

There are not considered to be any critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was €29.6 million after an impairment loss of €14.2 million was recognised during the period to 31 December 2016. Details of the impairment loss calculation are set out in Note 12.

**Useful lives of property, plant and equipment**

As described above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The financial effect of shortening the useful life by 2 years is a 25% increase in depreciation charge which would reduce profit before taxation by 28% for the current period, a €2.4 million reduction.

**Identification of intangible assets acquired in business combinations.**

There are significant judgements involved in assessing the estimated fair value of assets and liabilities acquired through business combinations, in particular the amounts attributable to customer contracts.

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 12, 13, 14 and 35.

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**4. Revenue**

An analysis of the Group's revenue is as follows:

	<b>Period ended 2016 €'000</b>
<b>Continuing operations</b>	
Sales of goods	260,043
Other operating income	9,703
	<u>269,746</u>

No revenue from the sale of goods denominated in foreign currencies is cash flow hedged. Rental income of €0.2 million for the period to 31 December 2016 is included within other operating income.

Other operating income mainly consists of €7.1 million waste paper sales income and €2.4 million of electricity income for the period to 31 December 2016.

**5. Geographical information**

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by customer destination location are detailed below:

	<b>Revenue 2016 €'000</b>	<b>Segment assets 2016 €'000</b>
UK	132,753	97,090
Continental Europe	126,849	208,436
Rest of World	441	-
	<u>260,043</u>	<u>305,526</u>

Included in revenues arising from commercial printing, are revenues of approximately €14.0 million which arose from sales to the Group's largest customer. No other single customers contributed 10.0% or more to the Group's revenue in the period to 31 December 2016.

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## 6. Profit for the period

Profit from continuing operations for the period has been arrived at after charging/(crediting):

	<b>Period ended 2016 €'000</b>
Net foreign exchange loss	568
Depreciation of property, plant and equipment	9,536
Depreciation of assets held under finance lease agreements	979
Loss on disposal of property, plant and equipment	35
Impairment of goodwill	14,243
Write down of inventories recognised as an expense	160
Reversal of impairment losses recognised on inventories (see Note 18)	(71)
Impairment loss recognised on trade receivables	1,101
Reversal of impairment losses recognised on trade receivables (see Note 19)	(586)
Release of negative goodwill	(20,399)
Amortisation of other intangible assets	3,932
Staff costs (see Note 9)	61,259

## 7. Non-underlying items

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are considered to be one-off or do not reflect an operational cost of the business and should be adjusted in order to reflect an understanding of the Group's performance and long-term trends.

The non-underlying expenses are made up as follows:

	<b>Period ended 2016 €'000</b>
Acquisition and re-financing costs	7,577
Restructuring costs (including redundancies and site closure)	3,958
Negative goodwill write back	(20,399)
Goodwill impairment	14,243
Total non-underlying items	<u>5,379</u>

The acquisition, re-financing and restructuring costs, goodwill (impairment and write back) and investment impairment are excluded from the underlying profit as they do not relate to the underlying trading.

The financing of the Group should be separated from the operational performance of the Group; therefore the revaluation of loans for movement in exchange rates is excluded from the underlying trading.

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**8. Auditor's remuneration**

The analysis of the auditor's remuneration is as follows:

	<b>Period ended 2016 €'000</b>
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	39
Fees payable to the Company's auditor and their associates for other services to the Group	
–The audit of the Company's subsidiaries	416
Total audit fees	<u>455</u>
Other assurance services	44
Taxation compliance services	100
Corporate finance services	3,505
Total non-audit fees	<u>3,649</u>

**9. Staff costs**

The average monthly number of employees (including executive directors) for Group was:

	<b>2016 Number</b>
Production staff	2,059
Sales staff	66
Administrative staff	287
	<u>2,412</u>

Their aggregate remuneration comprised:

	<b>Period ended 2016 €'000</b>
Wages and salaries	52,388
Social security costs	8,546
Other pension costs (see Note 33)	325
	<u>61,259</u>

The Company had no employees during the period and as such no remuneration was paid from the parent Company.

**Walstead Group Limited**  
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**10. Finance costs**

	<b>Period ended 2016 €'000</b>
Interest on bank overdrafts and loans	2,530
Interest on obligations under finance leases	577
Other interest	(346)
	<hr/>
Total interest expense	2,761
Exchange impact on loans	1,657
Net interest expense on defined benefit obligation	3
	<hr/>
	<b>4,421</b>
	<hr/>

**11. Tax**

	<b>Period ended 2016 €'000</b>
Corporation tax:	
- Current year	2,385
Deferred tax (see Note 22)	(1,265)
	<hr/>
Total income expense recognised in the current period relating to continuing operations	1,120
	<hr/>

UK Corporation tax is calculated at 20.0% of the estimated taxable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



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**11. Tax continued**

The charge for the period can be reconciled to the profit in the income statement as follows:

	<b>Period ended 2016 €'000</b>
Profit before tax on continuing operations	12,454
Tax at the UK corporation tax rate of 20.0%	2,491
Tax effect of expenses that are not deductible in determining taxable profit	88
Tax effect of income not taxable in determining taxable profit	(1,919)
Utilisation of tax losses	(77)
Change in unrecognised deferred tax assets	84
Effect of different tax rates of subsidiaries operating in other jurisdictions	453
Profit before tax on continuing operations	<u>1,120</u>

No additional tax amounts have been recognised in other comprehensive income other than those charged to the income statement.

**12. Goodwill**

	<b>€'000</b>
<b>Cost</b>	
At 22 December 2015	-
Recognised on acquisition of a subsidiary	47,306
Exchange differences	(3,475)
At 31 December 2016	<u>43,831</u>
<b>Accumulated impairment losses</b>	
At 22 December 2015	-
Impairment losses for the period	(14,243)
At 31 December 2016	<u>(14,243)</u>
<b>Carrying amount</b>	
At 22 December 2015	-
At 31 December 2016	<u><u>29,588</u></u>

# Walstead Group Limited

## Notes to the consolidated financial statements

For the period ended 31 December 2016

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### 12. Goodwill *continued*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2016 €'000
<u>Commercial printing</u>	
Walstead UK Limited	31,666
Walstead Iberia Limited	15,639
Walstead CE Limited	(20,399)
	<u>26,906</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs and the group of units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been revised in the year in light of the current economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs and the group of units. The growth rates are based on industry growth forecasts. Growth in the commercial printing industry is predicted to be similar to previous years (market research conducted by CIL Management Consultants). Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. It is anticipated that sales volumes will remain at a similar level to the current year over the next one to two years.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows into perpetuity based on an estimated growth rate of zero per cent. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from Walstead UK Limited is 12.0%, from Walstead Iberia Limited is 10.0% and Walstead CE Limited is 12.49%; the post-tax rate is 10.0%, 7.5% and 9.4% respectively.

The Group has conducted a sensitivity analysis on the impairment test of each CGUs. The scenarios have been performed separately for each CGU with the sensitivities summarised as follows:

- An increase in the pre-tax discount rate by 1.0%
- An increase in direct labour costs by 0.5%; and
- Reduction in revenue by 1.0%.

The sensitivity analysis shows that when applying a 1.0% increase in the pre-tax discount rate there would be an increase in the impairment charge of €2.9 million in the Walstead Iberia Limited CGU. When applying the direct labour 0.5% increase there would be an increase in the impairment charge of €0.1 million in the Walstead Iberia Limited CGU. Reducing the revenue by 1.0% would increase the impairment charge by €8.5 million.

On acquisition, before impairment testing, goodwill of €15.6 million was allocated to the Walstead Iberia Limited CGU within the commercial printing segment. The combination of industry decline and limited GDP growth has reduced Walstead Iberia Limited goodwill to its recoverable amount of €1.4 million through recognition of an impairment loss.

The €20.4m negative goodwill in relation to Walstead CE arises from the earnings valuation basis of the acquisition deal.

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**13. Other intangible assets**

	<b>Capitalised customer contracts €'000</b>
Cost	
At 22 December 2015	-
Acquired on acquisition of a subsidiary	23,154
Exchange differences	(1,920)
	<hr/>
At 31 December 2016	21,234
	<hr/>
Amortisation	
At 22 December 2015	-
Amortisation charge for period	(3,932)
Exchange differences	6
	<hr/>
At 31 December 2016	(3,926)
	<hr/>
Carrying amount	
As at 31 December 2016	17,308
	<hr/> <hr/>
As at 22 December 2015	-
	<hr/> <hr/>

Customer contracts are amortised over their estimated useful lives, which is on average four years.

**Walstead Group Limited**  
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**14. Property, plant and equipment**

	Land and buildings €'000	Plant and machinery €'000	Fixtures and fittings €'000	Total €'000
<b>Cost or valuation</b>				
At 22 December 2015	-	-	-	-
Acquisition of subsidiary	34,065	95,690	1,301	131,056
Additions	257	2,947	1,174	4,378
Exchange differences	(84)	(167)	(16)	(267)
Disposals	(4)	(2,785)	(5)	(2,794)
At 31 December 2016	<u>34,234</u>	<u>95,685</u>	<u>2,454</u>	<u>132,373</u>
<b>Accumulated depreciation and impairment</b>				
At 22 December 2015	-	-	-	-
Charge for the year	(923)	(9,251)	(341)	(10,515)
Eliminated on disposals	-	30	-	30
Exchange differences	-	8	-	8
At 31 December 2016	<u>(923)</u>	<u>(9,213)</u>	<u>(341)</u>	<u>(10,477)</u>
<b>Carrying amount</b>				
At 31 December 2016	<u>33,311</u>	<u>86,472</u>	<u>2,113</u>	<u>121,896</u>
At 22 December 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Fair value measurement of the Group's freehold land and buildings**

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value measurements of the Group's freehold land and buildings have been carried out in 2016 and the values adjusted at the acquisition date, 22 June 2016, when the Group acquired its current subsidiaries and other investments.

Valuations of land and buildings in Spain, Austria, Slovenia and the Czech Republic were performed by GA European Valuations Limited, Jones Lang LaSalle Limited and Cushman and Wakefield LLP, independent valuers not related to the Group. They are all members of the Royal Institute of Chartered Surveyors, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

# Walstead Group Limited

## Notes to the consolidated financial statements

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### 14. Property, plant and equipment *continued*

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the market value approach, according to the conceptual framework settled by the International Valuation Standards Council, defined as 'the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowingly, prudently and without compulsion'. There has been no change to the valuation technique during the period.

The freehold land and buildings were all valued at level 3 hierarchy and there have been no transfers between the levels during the period. The fair value as at 31 December 2016 for the freehold land and buildings was €31.5 million. At 31 December 2016, there is no difference between the historical cost less depreciation and the valued amount for the land and buildings of the Group.

#### Assets pledged as security

Freehold land and buildings with a carrying amount of €31.5 million have been pledged to secure borrowings of the Group (see Note 20). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

In addition, the Group's obligations under finance leases (see Note 23) are secured by the lessors' title to the leased assets, which have a carrying amount of €7.9 million.

### 15. Subsidiaries

On 22 June 2016 the Company brought together three printing entities: (1) Walstead UK Limited (operating four web offset printing sites, one sheet-fed printing site and a pre-media graphic services business – all in the UK); (2) Walstead Iberia Limited (operating one web offset printing site and one gravure printing site – both in Spain); and (3) Walstead CE Limited, an intermediate holding company of Let's Print Holding AG (operating two web offset printing sites in Austria, and one site each in Czech Republic and Slovenia). The overall strategy of the Group is to become the largest independent commercial printing and print-related services company in Europe.

The Group consists of the ultimate parent company, Walstead Holdings Limited, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by Walstead Holdings Limited, which operate and are incorporated in UK and the rest of Europe. Note 45 to the Company's separate financial statements lists details of the interests in subsidiaries.

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries
31 December 2016		
Printing	UK	15
Printing	Spain	2
Printing	Austria	7
Printing	Czech Republic	1
Printing	Slovenia	1

The Group did not hold any non-wholly owned subsidiaries as at 31 December 2016.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

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**16. Associates**

The Group has one associate whose activities are seen as complementing the Group's operations, commercial printing and print related services.

Details of the Group's associates at the end of the reporting period are as follows:

<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and principal place of business</u>	<u>Proportion of ownership interest / voting rights held by the Group</u>
31 December 2016			
Gutenberg Druck GmbH	Printing	Austria	48.0%

The Group acquired 48% Ordinary Shares in Gutenberg Druck GmbH.

The above associate is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 2.

The financial year end date of Gutenberg Druck GmbH is 31 March. This was the reporting date established when that Company was incorporated. For the purposes of applying the equity method of accounting, the financial statements of Gutenberg Druck GmbH for the year ended 31 March 2017 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2016. As at 31 December 2016, the fair value of the Group's interest in Gutenberg Druck GmbH, which is an unlisted entity, was €184,321.

There have been no dividends received from the associate in the reporting period. Generally, dividends received from associates represent the actual amounts attributable and hence received by the Group. The other summary information that precedes the reconciliation to the Group's carrying amount represents amounts included in the IFRS financial statements of the associate, not the entity's share of these amounts, although they are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRSs.

	<b>2016</b> <b>€'000</b>
Equity attributable to owners of the Company	384
Non-controlling interest	187
Revenue	2,851
Profit from continuing operations	18
Total comprehensive income	18

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**16. Associates *continued***

Reconciliation of the above summarised financial information to the carrying amount of the interest in Gutenberg Druck GmbH recognised in the consolidated financial statements:

	<b>2016 €'000</b>
Net assets of associate	384
Proportion of the Group's ownership interest in the associate	187
	<hr/>
Carrying amount of the Group's interest in the associate	187
	<hr/> <hr/>

**17. Investments**

The Group has no quoted investments.

The Group does not hold any investments that have been designated as Trading or Held-to-Maturity.

**18. Inventories**

	<b>2016 €'000</b>
Raw materials	14,531
Work in progress	6,263
	<hr/>
	20,794
	<hr/> <hr/>

The cost of inventories recognised as an expense during the period is €89,592. The cost of inventories recognised as an expense includes €160,432 in respect of write downs of inventory to net realisable value, and has been reduced by €70,840 in respect of the reversal of such write downs.

No inventories have been pledged as security for any of the Group's borrowings.

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**19. Trade and other receivables**

	<b>2016</b> <b>€'000</b>
Amount receivable for the sale of goods	69,700
Allowance for doubtful debts	(3,132)
	<hr/> 66,568
Other debtors	8,277
Prepayments	4,797
	<hr/> 79,642
At 31 December 2016	<hr/> <hr/> 79,642

**Trade receivables**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Total trade receivables held by the Group at 31 December 2016 amounted to €69.7 million.

The average credit period taken on sales of goods is 52 days. No interest is charged on the receivables for the first 30 days from the date of the invoice. Thereafter, interest can be charged at 8.0% on the outstanding balance in Spain, 2.0% in Austria and 4.0% above base rate in the UK. Allowances against doubtful debts are recognised against trade receivables greater than 30 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. The UK also attends the National Printing Industry Group, which discusses credit control within the sector. Of the trade receivables balance at the end of the year, €5.0 million is due from GIFL. There are no other customers who represent more than 5.0% of the total balance of trade receivables.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is over 30 days outstanding) are still considered recoverable.



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**19. Trade and other receivables *continued***

Amounts receivable from the sale of goods can be analysed as follows:

	<b>2016</b> <b>€'000</b>
Amount receivable not past due	42,991
Amount receivable past due but not impaired	23,576
Amount receivable impaired (gross)	3,133
Less impairment	(3,132)
	<hr/>
Total	66,568
	<hr/>

**Ageing of past due but not impaired receivables**

	<b>2016</b> <b>€'000</b>
31-60 days	14,419
61-90 days	5,685
91-120 days	2,223
121+ days	1,249
	<hr/>
Total	23,576
	<hr/>

**Movement in the allowance for doubtful debts**

	<b>2016</b> <b>€'000</b>
Balance at 22 December 2015	-
Acquired on acquisition of subsidiary	8,271
Impairment losses recognised	1,101
Amounts written off during the year as uncollectible	(5,134)
Amounts recovered during the year	(152)
Impairment losses reversed	(814)
Foreign exchange translation gains and losses	(140)
	<hr/>
Balance at 31 December 2016	3,132
	<hr/>

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**19. Trade and other receivables *continued***

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Ageing of impaired trade receivables

	<b>2016</b> <b>€'000</b>
Current	317
31-60 days	66
61-90 days	44
91-120 days	4
121+ days	2,701
Total	<u>3,132</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**Transfer of financial assets**

The Group has an invoice factoring banking arrangement with RBS Invoice Finance Limited ("RBS"), whereby RBS advances up to 85.0% of the invoiced book of business, subject to an overall credit facility limit. Further settlement is made once the cash is collected, subject to a 2.0% discount. The Group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing within bank loans (see Note 20).

At the end of the reporting period, the carrying amount of the short-term receivables that have been transferred but have not been derecognised amounted to €17.2 million, and the carrying amount of the associated liabilities is €17.2 million.

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**20. Borrowings**

	<b>2016</b> <b>€'000</b>
<b>Unsecured borrowing at amortised cost</b>	
Revolving credit facility	5,770
Term loans	640
Loans from related parties	18,292
	<u>24,702</u>
<b>Secured borrowing at amortised cost</b>	
Invoice factoring	17,157
Revolving credit	1,941
Term loans	40,114
	<u>59,212</u>
	<u>83,914</u>
<b>Total borrowings</b>	
Amount due for settlement within 12 months	<u>56,482</u>
Amount due for settlement after 12 months	<u>27,432</u>

	<b>Sterling</b> <b>€'000</b>	<b>Euro</b> <b>€'000</b>	<b>CZ Krona</b> <b>€'000</b>	<b>Total</b> <b>€'000</b>
Analysis of borrowings by currency 31 December 2016	-	-	-	-
Invoice factoring	7,064	10,092	-	17,156
Revolving credit	-	6,325	1,386	7,711
Loans from related parties	18,292	-	-	18,292
Term loans	23,887	12,336	4,532	40,755
	<u>49,243</u>	<u>28,753</u>	<u>5,918</u>	<u>83,914</u>

The principal features of the Group's borrowings are as follows.

- (i) Following the acquisition of Walstead UK Limited, the Group continued the invoice factoring banking arrangement with RBS Invoice Finance Limited ("RBS"), whereby RBS advances up to 85.0% of the invoiced book of business, subject to an overall credit facility limit. Further settlement is made once the cash is collected, subject to a 2.0% discount. Walstead UK Limited initially entered the agreement with RBS on 17 February 2015.

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**20. Borrowings *continued***

- (ii) Legal entities in Austria, Slovenia and Czech Republic have a number of revolving credit facilities, both secured and unsecured. The most significant are as follows:

Legal entity	Bank	Facility amount €'000	Interest rate %	31.12.16 €'000
<b>Secured</b>				
Leykam Druck GmbH & Co KG	Steiermärkische	1,000	2.75%	534
Moraviapress s.r.o	Ceska sporitelna	2,734	1.75%	1,386
Leykam Druck GmbH & Co KG	RBI	200	2.25%	15
Leykam Druck GmbH & Co KG	Volksbank	500	1.75%	6
<b>Unsecured</b>				
Leykam Druck GmbH & Co KG	BAWAG	5,650	1.75%	5,650
Leykam Druck GmbH & Co KG	BAWAG	145	2.7%	45
Leykam Druck GmbH & Co KG	Bank Burgenland	100	1.88%	73

- (iii) The facilities are secured by a charge over the respective entities' land and buildings and/or plant and machinery.
- (iv) Following the acquisition of the subsidiaries, the Group acquired the following principal term loans:
- a loan of £10.0 million with Time, Inc. UK Limited. The loan was taken out on 3 June 2016. Repayments commenced on 3 September 2016 and will continue until 3 March 2021. The loan is secured by a charge over the assets of Wyndeham Bicester Limited (formerly Walstead Newco1 Limited). The loan carries a fixed rate of interest of 8.0% per annum;
  - a loan of £14.0 million with RBS Invoice Finance Limited. The loan was taken out on 17 February 2015 as part of a finance restructuring arrangement. Repayments commenced on 27 March 2015 and will continue until August 2019. The loan is secured by the Walstead UK Limited's group debenture (including a fixed charge on non-vesting debts, plant and machinery, legal mortgage of the charged properties, and a floating charge on all other assets). Interest on GBP borrowing is charged at ICE LIBOR;

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**20. Borrowings continued**

- (c) Let's Print Holding AG and its subsidiaries has a number of term loans in Austria, Czech Republic and Slovakia, both secured and unsecured, as follows:

Legal entity	Bank	Interest rate	Maturity date	31.12.16 €'000
<b>Secured</b>				
Let's Print Holding AG	Bank Austria	3.53%	Sep 2020	5,089
Leykam Druck GmbH & Co KG	Bank Austria	1.75%	Oct 2018	2,250
Leykam Druck GmbH & Co KG	Steiermärkische	2.40%	Jun 2018	1,128
Leykam Druck GmbH & Co KG	Steiermärkische	2.75%	Jun 2019	2,395
Moraviapress s.r.o	Ceska sporitelna	1.75%	Oct 2020	4,531
Leykam Druck GmbH & Co KG	BAWAG	2.85%	Mar 2017	115
Leykam tiskarna d.o.o	Hypo Alpe Adria	1.05%	Nov 2017	237
Leykam tiskarna d.o.o	Hypo Alpe Adria	3.00%	May 2018	482
<b>Unsecured</b>				
Let's Print Holding AG	Steiermärkische	1.88%	Jun 2018	300
Leykam tiskarna d.o.o	SKB	1.10%	Dec 2018	340

The loans are secured by a charge over specifically identified buildings, plant and machinery of the relevant legal entity.

- (v) Amounts repayable to related parties of the Group carry interest of 5.0% per annum charged on the outstanding loan balances. €18.3 million of the loans was repaid in January 2017.
- (vi) Finance lease liabilities are secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding five years.

The weighted average interest rates paid during the year were as follows:

	2016
Invoice factoring	2.00%
Revolving credit facility	1.83%
Loans from related parties	5.00%
Bank loans	4.93%
Finance lease liabilities	8.56%

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**21. Derivative financial instruments**

**2016**  
**€'000**

**Financial assets carried at fair value through profit or loss (FVTPL):**

Held for trading derivatives that are not designated in hedge accounting relationships:

Foreign currency time option derivative

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The Group is exposed to market risk from changes in foreign currency exchange rates. Where possible, the Group identifies exposures in our business that can be offset internally. Where no natural offset is identified, the Group may choose to enter into various derivative transactions. These instruments have the effect of reducing our exposure to unfavourable changes in foreign currency rates. The Group does not enter into derivative transactions for trading purposes.

Derivative transactions are governed by an established set of policies and procedures covering areas such as authorisation, counterparty exposure and hedging practices. New and existing transactions and agreements are evaluated to determine if they require derivative accounting treatment.

The Group assessed that no derivatives gave rise to credit risks from non-performance by counterparties, other than credit risk generally limited to the fair value of the contracts favourable to the Group.

A number of the Group's subsidiaries receive revenues (through either internal or external billing) in currencies other than their functional currency. As a result, the functional currency revenue will fluctuate as the currency exchange rates change. To reduce this variability, the Group assesses the need for the foreign exchange forward contracts to hedge the foreign exchange risk of forecasted collections. In the period to 31 December 2016, the Group has not entered into any contracts other than spot forex contracts.

The Group may also use derivative financial contracts, principally foreign exchange forward contracts, to hedge other non-functional currency assets and obligations. On 21 December 2016, Walstead Group Limited entered into a foreign currency time option with National Westminster Bank plc, to counter the foreign currency risk exposure arising from the GBP equivalent of an €8.8 million proposed dividend payment by Let's Print Holding AG to Walstead Group Limited. The Group chose a time option due to uncertainty of the timing of the dividend payment.

Further details of derivative financial instruments are provided in Note 35.

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## 22. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current reporting period.

	Intangible assets €'000	Accelerated tax depreciation €'000	Tax losses €'000	Other timing differences €'000	Total €'000
<b>Deferred tax asset</b>					
At 22 December 2015	-	-	-	-	-
Acquisition of subsidiary	-	4,140	703	-	4,843
(Charge)/Credit to profit and loss	-	345	-	-	345
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	4,485	703	-	5,188
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Deferred tax liability</b>					
At 22 December 2015	-	-	-	-	-
Acquisition of subsidiary	4,528	1,993	-	2,460	7,426
(Credit)/Charge to profit and loss	(807)	(113)	-	-	(920)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	3,721	1,880	-	2,540	8,061
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

At the balance sheet date, the Group has unused tax losses available for offset against future profits of €2.7 million; a deferred tax asset has been recognised in respect of €0.9 million of such losses. A deferred tax asset has been recognised on the basis that, from the current forecast of the Group entities, it is probable there will be taxable profits that can be utilised, offset for reporting purposes. No deferred tax assets are recognised if this criterion is not met.

No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

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**23. Obligations under finance leases**

	<b>2016</b> <b>€'000</b>
<b>Amounts payable under finance leases:</b>	
Within one year	2,451
In the second to fifth years inclusive	6,383
	<hr/> 8,834
Less future finance charges	(1,227)
	<hr/> <hr/> 7,607

	<b>2016</b> <b>€'000</b>
<b>Amounts payable under finance leases:</b>	
Within one year	1,899
In the second to fifth years inclusive	5,708
	<hr/> 7,607
	<hr/> <hr/> 7,607

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 years. For the year ended 31 December 2016, the average effective borrowing rate was 8.56%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Lease obligations are denominated in sterling.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in Note 14.



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**24. Trade and other payables**

	<b>2016</b> <b>€'000</b>
Trade creditors	59,698
Other tax and social security	3,796
VAT	2,925
Other creditors	8,560
Amounts owed to group undertakings	3,949
Other payables	19,230

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 46 days. There are no suppliers who represent more than 10% of the total balance of the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Therefore, under the normal course of business, the Group is not charged interest on overdue payables. The directors consider that the carrying amount of trade payables approximates to their fair value.

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**25. Provisions**

	<b>2016 €'000</b>
Restructuring provision	2,750
Loyalty bonus provision	162
Employee provision	10,315
	<u>13,227</u>
	<b>2016 €'000</b>
<i>Amounts payable</i>	
Within one year	2,750
More than one year	10,477
	<u>13,227</u>

	<b>Loyalty bonus provision €'000</b>	<b>Restructuring provision €'000</b>	<b>Employee provision €'000</b>	<b>Total €'000</b>
At 22 December 2015	-	-	-	-
On acquisition of subsidiary	162	7	10,357	10,526
Utilisation of provision	-	-	(42)	(42)
Additional provision	-	2,743	-	2,743
	<u>162</u>	<u>2,750</u>	<u>10,315</u>	<u>13,227</u>
At 31 December 2016	162	2,750	10,315	13,227

The restructuring provision relates to an early penalty payment for exiting an onerous lease; the payment was made in March 2017.

The loyalty bonus provision relates to a legal requirement for Austrian and Slovenian employees to accrue specific costs for employees that have been employed for at least 25 years. The provision is calculated by an actuary and relates to length of service.

The employee provision relates to a legal requirement for Austrian and Slovenian employees to accrue specific costs for employees that have been employed prior to 2003 and is payable if the employees are either unemployed or are made redundant. The provision is calculated by an actuary and relates to length of service.

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**26. Share capital**

**2016**  
**€'000**

**Authorised, issued and fully paid:**

50,000 Ordinary shares of £1 each

65

Each class of shares has full voting, dividend and capital distribution rights.

On 22 December 2015 the Company was incorporated with authorised, issued and fully paid capital of 1 Ordinary share of £1 each.

On 22 June 2016 an Ordinary resolution was passed and the Ordinary shares were increased to 50,000 to enable the investment purchases outlined in Note 15.

**27. Translation reserves**

**Translation**  
**reserve**  
**€'000**

Balance at 22 December 2016

-

Exchange differences on translating the net assets of foreign operations

8,351

Balance at 31 December 2016

8,351

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency into the currency of the primary economic environment in which the Group operates, being Euro, are recognised directly in the translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the translation reserve.

**28. Retained earnings**

**€'000**

Balance at 22 December 2015

-

Net profit for the year

11,334

Other comprehensive income arising from measurement of defined benefit obligation net of income tax

11

Balance at 31 December 2016

11,345

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**29. Acquisition of subsidiaries**

On 22 June 2016 the Company brought together three printing entities: (1) Walstead UK Limited (operating four web offset printing sites, one sheet-fed printing site and a pre-media graphic services business – all in the UK); (2) Walstead Iberia Limited (operating one web offset printing site and one gravure printing site – both in Spain); and (3) Walstead CE Limited, an intermediate holding company of Let's Print Holding AG (operating two web offset printing sites in Austria, and one site each in the Czech Republic and Slovenia). The overall strategy of the Group is to become the largest independent commercial printing and print-related services company in Europe.

The acquisition-related costs (included in administrative expenses) can't be separated for this transaction, but in total for all three entities they amounted to €5.6 million.

***Walstead UK Limited***

On 22 June 2016, the Group acquired 100.0% of the issued share capital of Walstead UK Limited (formerly, Walstead Investments Limited), a leading commercial printing and print-related services business in the UK. The company forms part of the commercial printing segment. Total consideration was €15.4 million.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	€'000
Financial assets	34,707
Inventory	6,996
Property, plant and equipment	26,528
Identifiable intangible assets	14,529
Deferred tax	2,373
Financial liabilities	(101,405)
Total identifiable liabilities	(16,272)
Goodwill	31,667
Total consideration	15,395
Satisfied by:	
Cash	716
Deferred consideration	14,679
Total consideration transferred	15,395
Net cash inflow arising on acquisition:	
Cash consideration	716
Less: cash and cash equivalent balances acquired	(5,881)
Net cash inflow arising on acquisition	(5,165)

The fair value of the financial assets includes trade receivables with a fair value of €19.0 million and a gross contractual value of €20.6 million. The best estimate at acquisition date of the contractual cash flows not to be collected is €1.5 million.

There were no contingent liabilities recognised.

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**29. Acquisition of subsidiaries *continued***

The goodwill of €31.7 million arising from the acquisition consists of non-contractual work that had not been allocated as an intangible. None of the goodwill is expected to be deductible for income tax purposes.

The deferred consideration relates to shareholder loans.

Walstead UK Limited contributed €67.1 million revenue and €12.7 million to the Group's EBITDA for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial year, it would have contributed €150.5 million revenue and €16.3 million EBITDA.

***Walstead Iberia Limited***

On 22 June 2016, the Group acquired 100.0% of the issued share capital of Walstead Iberia Limited (formerly, Walstead Capital Limited), a leading commercial printing and print related services business in Spain. The company forms part of the commercial printing segment. Total consideration was €50.3 million.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	<b>€'000</b>
Financial assets	55,394
Inventory	4,995
Property, plant and equipment	22,273
Identifiable intangible assets	370
Deferred tax liability	(919)
Financial liabilities	(47,405)
Total identifiable assets	<u>34,708</u>
Goodwill	<u>15,639</u>
Total consideration	<u><u>50,347</u></u>
Satisfied by:	
Cash	37,166
Deferred consideration arrangement	13,181
Total consideration transferred	<u><u>50,347</u></u>
Net cash outflow arising on acquisition:	
Cash consideration	37,166
Less: cash and cash equivalent balances acquired	(5,186)
Net cash outflow arising on acquisition	<u><u>31,980</u></u>

The fair value of the financial assets includes trade receivables with a fair value of €45.1 million and a gross contractual value of €50 million. The best estimate at acquisition date of the contractual cash flows not to be collected is €4.8 million.

There were no contingent liabilities recognised. The goodwill of €15.6 million arising from the acquisition has been assessed against management's estimate of the value of future contracted revenues and has been impaired by €14.2 million as a result of this review, leaving €1.4 million goodwill associated with this CGU.

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**29. Acquisition of subsidiaries *continued***

The deferred consideration relates to shareholder loans.

Walstead Iberia Limited contributed €65.6 million revenue and €7.1 million to the Group's EBITDA for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial year, it would have contributed €117.3 million revenue and €7.7 million EBITDA.

***Walstead CE Limited***

On 22 June 2016, the Group acquired 100.0% of the issued share capital of Walstead CE Limited, an intermediate holding company of Let's Print Holding AG, a leading commercial printing and print related services business in Austria, Slovakia and Czech Republic. The company forms part of the commercial printing segment. Total consideration was €23.0 million.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	<b>€'000</b>
Financial assets	2,039
Inventory	11,444
Property, plant and equipment	82,255
Identifiable intangible assets	8,255
Deferred tax liability	(5,591)
Financial liabilities	(55,003)
Total identifiable assets	43,399
Goodwill	(20,399)
Total consideration	<u>23,000</u>
Satisfied by:	
Cash	<u>23,000</u>
Net cash outflow arising on acquisition:	
Cash consideration	<u>23,000</u>
Net cash outflow arising on acquisition	<u>23,000</u>

The fair value of the financial assets includes trade receivables with a fair value of €1.3 million and a gross contractual value of €3.3 million. The best estimate at acquisition date of the contractual cash flows not to be collected is €2.0 million.

There were no contingent liabilities recognised.

The €20.4m negative goodwill in relation to Walstead CE arises from the earnings valuation basis of the acquisition deal.

Walstead CE Limited contributed €127.3 million revenue and €16.2 million to the Group's EBITDA profit for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial year, it would have contributed €232.7 million revenue and €22.1 million EBITDA profit.

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**30. Notes to the cash flow statement**

	<b>2016</b> <b>€'000</b>
Operating profit for the period	16,758
Adjustments for non-cash items:	
Depreciation of property, plant and equipment	10,515
Amortisation of intangible assets	3,932
Impairment of goodwill	14,243
Negative goodwill released to income	(20,399)
Exchange impact on loan	(1,733)
Operating cash flows before movements in working capital	23,316
Increase in inventories	1,907
Increase in receivables	(13,383)
Increase in payables	37,417
Cash generated by operations	49,257
Income taxes paid	(2,608)
Interest paid	(2,610)
Net cash from operating activities	44,039

**Cash and cash equivalents**

	<b>2016</b> <b>€'000</b>
Cash and bank balances	23,614

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

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**30. Notes to the cash flow statement** *continued*

**Analysis of changes in net debt**

	22 December 2015 €'000	Cash Flow €'000	Acquisitions and disposals €'000	Non-cash movements €'000	31 December 2016 €'000
Cash and bank balances	-	(13,165)	(11,067)	618	(23,614)
Revolving credit & invoice factoring	-	(11,105)	37,360	(1,387)	24,868
Finance leases	-	(556)	9,119	(956)	7,607
Loans	-	(6,156)	50,105	(3,194)	40,755
Shareholder loans	-	-	20,438	(2,146)	18,292
Net debt**	-	(30,982)	105,955	(7,065)	67,908

\*\* Includes accrued interest at 31 December 2016 of €3.9 million.

**Balances at 31 December 2016 comprise:**

	Non-current assets €'000	Current assets €'000	Current liabilities €'000	Non-current liabilities €'000	Total €'000
Cash and bank balances	-	(23,614)	-	-	(23,614)
Overdrafts	-	-	24,868	-	24,868
Finance leases	-	-	1,899	5,708	7,607
Borrowings	-	-	22,241	36,806	59,047
Net debt	-	(23,614)	49,008	42,514	67,908

**31. Contingent liabilities**

There are no contingent liabilities at 31 December 2016.



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## **32. Operating lease arrangements**

### **The Group as lessee**

	<b>2016</b> <b>€'000</b>
Lease payments under operating leases recognised as an expense in the year	3,172

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2016</b> <b>€'000</b>
Within one year	6,785
In the second to fifth years inclusive	15,170
After five years	3,643
	<u>25,598</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 15 years and rentals are fixed for an average of 4.5 years. Certain contracts may include an option to extend at the then prevailing market rate.

### **The Group as lessor**

Rental income earned during the year was €197,000; at the balance sheet date the future minimum lease payments were

	<b>2016</b> <b>€'000</b>
Within one year	347
In the second to fifth years inclusive	1,389
	<u>1,736</u>

## **33. Retirement benefit schemes**

### **Defined contribution schemes**

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of €0.3 million represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2016, contributions of €0.1 million due in respect of the current reporting period had not been paid over to the schemes.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**33. Retirement benefit schemes *continued***

**Defined benefit schemes**

The Group sponsors a defined benefit scheme for qualifying employees of its subsidiary in Austria, Let's Print Holding AG. The defined benefit scheme is administered by a separate fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Under the plan, the employees are entitled to post-retirement yearly instalments amounting to a percentage of final salary on attainment of a retirement age of 62.

The defined benefit schemes require contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plans.

The scheme in Austria typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependants of scheme members is re-insured by an external insurance company.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan is covered by an insurance policy that does not qualify as a financial asset under IFRS, hence the plan is considered to be unfunded. Due to the long-term nature of the plan liabilities, the Group has to consider it appropriate whether insurance continues to be an appropriate cover.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 31 December 2016 by Mr Armin Spazierer, MSc. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**33. Retirement benefit schemes *continued***

The principal assumptions used for the purposes of the actuarial valuations were as follows (31 December)

	<b>2016</b>
	<b>%</b>
Key assumptions used:	
Discount rate(s)	1.50%
Expected rate(s) of salary increase	0.00%
Average longevity at retirement age for current pensioners (years)*:	
- Male	10.1
- Female	10.1
Average longevity at retirement age for current employees (future pensioners) (years)*:	
- Male	10.1
- Female	10.1

*\* Based on Austria's standard mortality table with modifications to reflect expected changes in mortality*

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	<b>2016</b>
	<b>€'000</b>
Service cost:	
Current service cost	10
Net interest expense	3
	<hr/>
Components of defined benefit costs recognised in profit or loss	<b>13</b>
	<hr/> <hr/>

Of the expense (service cost) for the year, €10,302 has been included in the income statement as administrative expenses. The net interest expense has been included within finance costs (see Note 10). The re-measurement of the net defined benefit liability is included in the statement of comprehensive income.

Actuarial gain of €10,793 was recognised in the statement of comprehensive income.

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement scheme is €216,410.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
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**33. Retirement benefit schemes *continued***

Movements in the present value of defined benefit obligations in the year were as follows:

	<b>2016</b> <b>€'000</b>
At 22 December 2016	-
Acquisition of subsidiary	229
Current service cost	10
Interest cost	3
Actuarial gain	(11)
Contributions from plan participants	3
Benefits paid	(18)
Closing defined benefit obligation at 31 December 2016	<u>216</u>

Currently the plan is covered by an insurance policy that does not qualify as a financial asset under IFRS, hence the plan is considered to be unfunded.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Parameters (absolute terms*)			Impact	
Discount rate	(1.00)%	1.00%	10.90%	(9.10)%
Salary growth	(0.50)%	0.50%	0.00%	0.00%
RPI	(10.00)%	10.00%	5.10%	(4.50)%

*\*These parameters exclude any impact from the change to the probability of death*

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**34. Deferred revenue**

	<b>2016</b> <b>€'000</b>
Arising from government grant	3,067
	<hr/>
	<b>2016</b> <b>€'000</b>
<i>Amounts payable</i>	
Within one year	504
More than one year	2,563
	<hr/>
	3,067
	<hr/>

The deferred revenue arises as a result of the benefit received from an interest-free government grant received to purchase plant and equipment; this has been recognised as Other Operating Income, €17,000 for the period. The grant is being deferred over the life of the machine, 15 years.

**35. Financial instruments**

**Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in Note 20 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings as disclosed in Notes 27 and 28).

Equity includes all capital and reserves of the Group that are managed as capital.

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

All financial instruments are stated at fair value.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**35. Financial instruments *continued***

**Categories of financial instruments**

	<b>2016</b> <b>€'000</b>
<b>Financial assets</b>	
Cash	23,614
Fair value through profit and loss (FVTPL), designated as FVTL	8,784
Financial asset held to maturity	74,115
<b>Financial liabilities</b>	
Fair value through profit and loss (FVTPL), designated as FVTL	8,632
Other financial liabilities:	
Invoice factoring	17,157
Revolving credit	7,711
Finance lease	7,607
Loans from related parties	18,292
Term loans	40,755

**Financial risk management objectives**

The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to take exercise options on these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into a variety of derivative financial instruments to manage its risk, including forward foreign exchange contracts to minimise foreign exchange exposures where there are material currency imbalances.

**Foreign currency risk management**

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

There have been no derivative contracts other than forex time option described in Note 21.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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**35. Financial instruments *continued***

**Forward foreign exchange contracts**

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. On 21 December 2016, Walstead Group Limited entered into a foreign currency time option with National Westminster Bank plc, to counter the foreign currency risk exposure arising from the GBP equivalent of an €8.8 million proposed dividend payment by an overseas subsidiary to Walstead Group Limited. The Group chose a time option due to uncertainty of the timing of the dividend payment.

At 31 December 2016 the outstanding maturity was one month.

**Interest rate risk management**

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has access to revolving financing facilities, of which €7.3 million were unused at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

**Walstead Group Limited**  
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For the period ended 31 December 2016

### 35. Financial Instruments *continued*

#### Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets and liabilities are determined.

Financial assets/ financial liabilities	Fair value as at 31.12.16 €'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Foreign currency forward contracts	Assets – €152	Level 2	National Westminster Bank Plc valuation	N/A	N/A
2) Fixed assets	Assets – € 119,394	Level 3	Independent in-situ valuation from European Valuations	N/A	N/A
3) Employee provision	Liability - €10,315	Level 3	Actuarial valuation, using 1.25% yield rate and 2% salary increase.	N/A	N/A

The Group generally uses third-party pricing services in determining the fair value of its derivative instruments.

Of the total gains or losses for the period included in profit or loss €0.2 million relates to valuation of forex time option with National Westminster Bank Plc held at the balance sheet date.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

### 36. Events after the balance sheet date

There have been no significant events post the balance sheet date.



**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
For the period ended 31 December 2016

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### 37. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

#### Trading transactions

During the year, Group companies entered into the following supplier transactions with related parties who are not members of the Group:

	<b>2016</b> <b>€'000</b>
Book & Docs 421 GmbH	97
DM&F Investments Limited	7
Willingdale Consultants	3
Excelcate LLP	32
	<hr/>
Total purchases	139
	<hr/> <hr/>

As at 31 December 2016, €29,540 was outstanding to related parties: DM&F Investments Limited (€6,577) Excelcate LLP (€9,787) and Books & Docs 421 GmbH (€13,176).

The above companies all have a common director and reflect consultancy and expenses charged to the Group. No interest is repayable with respect to these outstanding trading balances.

#### Loans from related transactions

At 31 December 2016, the amounts repayable to related parties of the Group with respect to loans were €18.3 million including accrued interest. The loans carry interest of 5.0% per annum charged on the outstanding loan balances. €18.3 million of the loans was repaid in January 2017.

#### Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	<b>2016</b> <b>€'000</b>
Salaries, fees, bonuses and benefits in kind	1,919
Money purchase pension contributions	34
	<hr/>
	1,953
	<hr/> <hr/>

Five directors are members of money purchase schemes.

The highest paid director received €722,114 in salaries, fees, bonuses and benefits in kind; there were no pension contributions.

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
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**Parent company balance sheet**

	Notes	2016 €'000
<b>Non-current assets</b>		
Plant and equipment	41	8
Investment in subsidiaries	40	58,838
		<u>58,846</u>
<b>Current assets</b>		
Amounts owed by group undertakings		20,995
Prepayments		153
Cash and bank balances		4,327
		<u>25,475</u>
<b>Total assets</b>		<u>84,321</u>
<b>Current liabilities</b>		
Trade creditors	42	(692)
Amounts owed by group undertakings		(70,786)
Other tax and social security		(511)
Other creditors		(309)
Loan from related parties	43	(18,292)
		<u>(90,590)</u>
<b>Net current liabilities</b>		<u>(65,115)</u>
<b>Net liabilities</b>		<u>(6,269)</u>
<b>Equity</b>		
Share capital	44	65
Profit and loss account	44	(6,343)
Retranslation reserve	44	9
		<u>(6,269)</u>
<b>Equity attributable to owners of the Company</b>		<u>(6,269)</u>

The financial statements of Walstead Group Limited (registered number: 09927306) were approved by the board of directors and authorised for issue on 21 September 2017. They were signed on its behalf by:



Director

Z Repman

21 September 2017

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
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**Parent company statement of changes in equity**

*For the period from 22 December 2015 to 31 December 2016*

**Equity attributable to equity holders of the Company**

	Share capital €'000	Profit and loss account €'000	Retranslation reserve €'000	Total equity €'000
<b>Balance at 22 December 2015</b>	-	-	-	-
Loss for the period	-	(6,343)	-	(6,343)
Issue of share capital	65	-	-	65
Effect of foreign exchange rate changes	-	-	9	9
<b>Balance at 31 December 2016</b>	65	(6,343)	9	(6,269)

# Walstead Group Limited

## Notes to the consolidated financial statements

### For the period ended 31 December 2016

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### 38. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2016 the Company has decided to adopt FRS 101. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in Note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

### 39. Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in Note 8 to the consolidated financial statements.

### 40. Investment in subsidiaries

	<b>2016</b> <b>€'000</b>
<b>Cost and net book value</b>	
At 22 December 2015	-
Additions	65,741
Effect of foreign exchange rate changes	(6,903)
	<hr/>
At 31 December 2016	58,838
	<hr/>

**Walstead Group Limited**  
**Notes to the consolidated financial statements**  
**For the period ended 31 December 2016**

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**40. Investment in subsidiaries *continued***

Details of the Company's subsidiaries at 31 December 2016 are as follows:

Name	Place of business and registered office	Class of shares	Proportion of ownership interest %	Proportion of voting power held %
Walstead UK Limited *	UK	Ordinary	100	100
Walstead Iberia Limited *	UK	Ordinary	100	100
Walstead CE Limited *	UK	Ordinary	100	100

\* Held directly by Walstead Group Limited.

The investments in subsidiaries are all stated at cost less provision for impairments.

Further information about subsidiaries is provided in Notes 15 and 45 to the consolidated financial statements.

**41. Plant and equipment**

	€'000
<b>Cost</b>	
At 22 December 2015	-
Additions	8
At 31 December 2016	8
<b>Accumulated depreciation</b>	
At 22 December 2015	-
Charge for the year	-
At 31 December 2016	-
<b>Carrying amount</b>	
At 31 December 2016	8
At 22 December 2015	-

**42. Trade creditors**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days.

**43. Loans from related parties**

The loan carries an interest rate of 5 per cent per annum charged on the outstanding loan balances. The loan was fully repaid in January 2017.

**Walstead Group Limited**  
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**44. Equity reserve**

	Profit and loss account €'000	Equity reserve €'000	Total equity €'000
<b>Balance at 22 December 2015</b>	-	-	-
Loss for the period	(6,343)	-	(6,343)
Issue of share capital	-	65	65
Exchange differences on translating the net assets of GBP denominated operations	-	9	9
<b>Balance at 31 December 2016</b>	<u>(6,343)</u>	<u>74</u>	<u>(6,269)</u>

**45. List of affiliated entities**

The Group holds 48% of shares in Guttenberg Druck GmbH, and 100% of shares in all other entities.

The consolidated financial statements of the Group include the holding Company accounts and those of wholly-owned and controlled subsidiaries after elimination of intercompany accounts and transactions.

The wholly owned investments in these companies, over which the Group has the ability to exercise significant influence, are accounted for using the equity method. The investment in Guttenberg Druck GmbH is accounted for as an investment in associate, using equity method.

The full list of entities within the Group is presented overleaf.

# Walstead Group Limited

## Notes to the consolidated financial statements

### For the period ended 31 December 2016

#### 45. List of affiliated entities *continued*

Company Name	Status	Business activity	Registered Number	Year end	Filing exemption	Filing exemption	Registered Office	Country
Albert Gait Limited	Dormant	N/A	00924608	31-Dec	S476	S477	UK1	UK
Albert Gait Printers Limited	Dormant	N/A	00991527	31-Dec	S476	S477	UK1	UK
Aquaprint Limited	Dormant	N/A	01757911	31-Dec	S476	S477	UK1	UK
B + P Limited	Dormant	N/A	01116894	31-Dec	S476	S477	UK1	UK
B R Hubbard Printers Limited	Dormant	N/A	01274691	31-Dec	S476	S477	UK1	UK
Blacketts Print Management Limited	Dormant	N/A	04791388	31-Dec	S476	S477	UK1	UK
Blacketts Reproduction Limited	Dormant	N/A	04567564	31-Dec	S476	S477	UK1	UK
Data & Digital Limited	Dormant	N/A	08703086	30-Sep	S476	S477	UK1	UK
E. T. Heron and co. Limited	Dormant	N/A	01104554	31-Dec	S476	S477	UK1	UK
Grange Press Southwick Limited	Dormant	N/A	02546681	31-Dec	S476	S477	UK1	UK
Impact Litho Limited	Dormant	N/A	02308347	31-Dec	S476	S477	UK1	UK
Keyne Print Limited	Dormant	N/A	01092877	31-Dec	S476	S477	UK1	UK
London Graphics Limited	Dormant	N/A	04692273	31-Dec	S476	S477	UK1	UK
Midland Printing Services Limited	Dormant	N/A	02269230	31-Dec	S476	S477	UK1	UK
Rhapsody Limited	Active	Print & related services	01280705	31-Dec			UK1	UK
Southern Binders Limited	Dormant	N/A	01334245	31-Dec	S476	S477	UK1	UK
Southernprint (web offset) Limited	Dormant	N/A	00894964	31-Dec	S476	S477	UK1	UK
Walstead CE Limited	Active	Management	10037172	31-Dec			UK1	UK
Walstead Finance Limited	Active	Management	09927246	31-Dec			UK1	UK
Walstead Group Limited	Active	Management	09927306	31-Dec			UK1	UK
Walstead Holdings Limited	Active	Management	09927148	31-Dec			UK1	UK
Walstead Iberia Limited	Active	Management	06941642	31-Dec			UK1	UK
Walstead Newco2 Limited	Dormant	N/A	06941198	30-Jun	S476	S480	UK1	UK
Walstead Partners Limited	Dormant	N/A	06941606	30-Jun	S476	S480	UK1	UK
Walstead UK Limited	Active	Management	06750402	31-Dec			UK1	UK
Westway Offset Limited	Dormant	N/A	01626934	31-Dec	S476	S477	UK1	UK
Wyndeham Apple Limited	Dormant	N/A	06941721	31-Dec	S476	S477	UK1	UK
Wyndeham Bicester Limited	Active	Print & related services	06941589	31-Dec			UK1	UK
Wyndeham Blacketts Limited	Dormant	N/A	04420587	31-Dec	S476	S477	UK1	UK
Wyndeham Gait Limited	Active	Print & related services	00326819	31-Dec			UK1	UK
Wyndeham Grange Limited	Active	Print & related services	00533857	31-Dec			UK1	UK
Wyndeham Heron Limited	Active	Print & related services	02586277	31-Dec			UK1	UK
Wyndeham Holdings Limited	Active	Management	06941612	31-Dec			UK1	UK
Wyndeham Hubbard Limited	Dormant	N/A	00685005	31-Dec	S476	S477	UK1	UK
Wyndeham Icon Limited	Dormant	N/A	02885598	31-Dec	S476	S477	UK1	UK
Wyndeham Impact Limited	Dormant	N/A	02249876	31-Dec	S476	S477	UK1	UK
Wyndeham Limited	Dormant	N/A	09347097	31-Dec	S476	S477	UK1	UK
Wyndeham Masterpiece Limited	Dormant	N/A	01774813	31-Dec	S476	S477	UK1	UK
Wyndeham Peterborough Limited	Active	Print & related services	02261988	31-Dec			UK1	UK
Wyndeham Plymouth Limited	Dormant	N/A	00200363	31-Dec	S476	S477	UK1	UK
Wyndeham Pre-press Limited	Dormant	N/A	07545692	28-Feb	S476	S477	UK1	UK
Wyndeham Press Group Limited	Active	Management	00933418	31-Dec			UK1	UK
Wyndeham Roche Limited	Active	Print & related services	00720976	31-Dec			UK1	UK
Wyndeham Southernprint (holdings) Limited	Dormant	N/A	00152473	31-Dec	S476	S477	UK1	UK
Wyndeham Southernprint Limited	Active	Print & related services	01085192	31-Dec			UK1	UK
Wyndeham Web Limited	Dormant	N/A	03717099	31-Dec	S476	S477	UK1	UK
Wyndeham Westway Limited	Active	Management	01337734	31-Dec			UK1	UK
Eurohueco, SAU	Active	Print & related services	A08917650	31-Dec			ES1	Spain
Rotocobri, SAU	Active	Print & related services	A28352656	31-Dec			ES2	Spain
Walstead CE GmbH	Active	Management	448255z	31-Dec			AU1	Austria
Let's Print Holding AG	Active	Management	236819p	31-Dec			AU2	Austria
Leykam Lets Print Immobilien u Service GmbH	Active	Management	52062m	31-Dec			AU2	Austria
Amano media GmbH	Active	Print & related services	353865s	31-Dec			AU2	Austria
Leykam Druck GmbH & Co	Active	Print & related services	278131t	31-Dec			AU2	Austria
Lykam Tiskama	Active	Print & related services	5845033000	31-Dec			SL1	Slovenia
Leykam Druck GmbH	Active	Print & related services	197486x	31-Dec			AU2	Austria
Tusch-Druck GmbH	Active	Management	109808h	31-Dec			AU2	Austria
Guttenberg Druck GmbH	Active	Print & related services	239778s	31-Mar			AU3	Austria
Moravapress SRO	Active	Print & related services	005 43 411	31-Dec			CZ1	Czech Republic

UK1 22 Westside Centre, London Road, Colchester, CO3 8PH, UK

ES1 Registro Mercantil de Barcelona, hoja 70505, folio 130, tomo 5984, libro 5278, sección 2.ª sociedades, Spain

ES2 Registro Mercantil de Madrid, Tomo 3996, Folio 210, Sección 8, Hoja M-66834, Inscripción 59, Spain

AU1 Schwarzenbergplatz 7, 1030 Wien, Austria

AU2 Bickfordstraße 21, 7201 Neudörfel an der Leitha, Austria

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