

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
FOR
ARCTIC PAPER UK LIMITED**

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ARCTIC PAPER UK LIMITED (REGISTERED NUMBER: 01756276)

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FOR THE YEAR ENDED 31 DECEMBER 2009**

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ARCTIC PAPER UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009**

DIRECTORS

H Karlander
S K Andreasson
G Colyer

REGISTERED OFFICE:

Quadrant House
47 Croydon Road
CATERHAM
Surrey
CR3 6PB

REGISTERED NUMBER.

01756276

AUDITORS

McKenzies
Chartered Accountants
Registered Auditors
14 - 16 Station Road West
Oxted
Surrey
RH8 9EP

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

The directors present their report with the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of sales and marketing services in the United Kingdom for the Arctic Paper AB group of mills

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

H Karlander
S K Andreasson
G Colyer

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made various charitable donations totalling £Nil, (2008 - £250)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

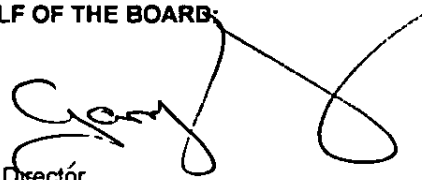
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, McKenzies, will be proposed for re-appointment at the forthcoming Annual General Meeting. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


G Colyer - Director

29 January 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ARCTIC PAPER UK LIMITED

We have audited the financial statements of Arctic Paper UK Limited for the year ended 31 December 2009 on pages four to nine. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime.



B J McKenzie (Senior Statutory Auditor)
for and on behalf of McKenzies
Chartered Accountants
Registered Auditors
14 - 16 Station Road West
Oxted
Surrey
RH8 9EP

29 January 2010

ARCTIC PAPER UK LIMITED (REGISTERED NUMBER: 01756276)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £	2008 £
TURNOVER		1,047,430	1,381,401
Administrative expenses		887,729	1,034,489
OPERATING PROFIT	2	159,701	346,912
Interest receivable and similar income		169	10,231
		159,870	357,143
Interest payable and similar charges		3,995	14,275
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		155,875	342,868
Tax on profit on ordinary activities	3	46,743	104,372
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		109,132	238,496

The notes form part of these financial statements

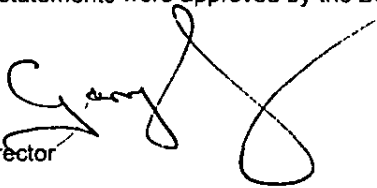
BALANCE SHEET
31 DECEMBER 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	4	-	1,365
CURRENT ASSETS			
Debtors	5	140,560	170,150
Cash at bank and in hand		265,802	220,306
		<u>406,362</u>	<u>390,456</u>
CREDITORS			
Amounts falling due within one year	6	<u>86,156</u>	<u>180,747</u>
NET CURRENT ASSETS		<u>320,206</u>	<u>209,709</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>320,206</u></u>	<u><u>211,074</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Profit and loss account	10	<u>270,206</u>	<u>161,074</u>
SHAREHOLDERS' FUNDS		<u><u>320,206</u></u>	<u><u>211,074</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 29 January 2010 and were signed on its behalf by

G Colyer - Director



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**
1 ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents net invoiced sales of services, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Land and building -10% on cost
 Plant and machinery - 25% on cost
 20% on cost and
 15% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

2 OPERATING PROFIT

The operating profit is stated after charging

	2009	2008
	£	£
Depreciation - owned assets	1,364	9,986
Auditors' remuneration	4,800	4,727
Pension costs	37,281	50,109
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	121,003	117,241
	<u> </u>	<u> </u>
The number of directors to whom retirement benefits were accruing was as follows		
Money purchase schemes	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

3 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2009 £	2008 £
Current tax		
UK corporation tax	45,675	104,783
Deferred tax	1,068	(411)
Tax on profit on ordinary activities	<u>46,743</u>	<u>104,372</u>

Factors affecting the tax charge

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

	2009 £	2008 £
Profit on ordinary activities before tax	<u>155,875</u>	<u>342,868</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	43,645	96,003
Effects of		
Expenses not deductible for tax purposes	3,097	6,110
Depreciation for period in excess of capital allowances	(1,067)	841
Rate change adjustment	-	1,829
Current tax charge	<u>45,675</u>	<u>104,783</u>

4 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2009 and 31 December 2009	<u>36,079</u>	<u>71,203</u>	<u>107,282</u>
DEPRECIATION			
At 1 January 2009	35,948	69,970	105,918
Charge for year	131	1,233	1,364
At 31 December 2009	<u>36,079</u>	<u>71,203</u>	<u>107,282</u>
NET BOOK VALUE			
At 31 December 2009	-	-	-
At 31 December 2008	<u>131</u>	<u>1,233</u>	<u>1,364</u>

5 DEBTORS' AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade debtors	28,403	-
Amounts owed by group undertakings	54,624	99,957
Other debtors	57,533	70,193
	<u>140,560</u>	<u>170,150</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009**6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009	2008
	£	£
Trade creditors	1,662	15,823
Amounts owed to group undertakings	60	64,702
Taxation and social security	54,185	76,356
Other creditors	30,249	23,866
	<u>86,156</u>	<u>180,747</u>

7 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	2009	2008
	£	£
Expiring		
Within one year	70,817	54,131
Between one and five years	12,837	12,157
	<u>83,654</u>	<u>66,288</u>

8 DEFERRED TAX

	£
Balance at 1 January 2009	(6,867)
Accelerated capital allowances	1,068
Balance at 31 December 2009	<u>(5,799)</u>

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2009 £	2008 £
50,000	Ordinary		<u>50,000</u>	<u>50,000</u>

10 RESERVES

	Profit and loss account £
At 1 January 2009	161,074
Profit for the year	109,132
At 31 December 2009	<u>270,206</u>

11 PENSION COMMITMENTS

The company contributes to personal pension plans of various employees. The pension cost charge represents contributions payable by the company and amounted to £37,281 (2008 - £50,109). There were no amounts outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

12 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions in the Financial Reporting Standard for Smaller Entities (effective January 2007) from disclosing transactions with related parties that are part of the Arctic Paper AB group or investees in the group

The smallest group in which the accounts of the company are consolidated is Arctic Paper SA, a company incorporated in Poland. The largest group in which the accounts of the company are consolidated is Nemus Holding AB, a company incorporated in Sweden. A copy of the group accounts may be obtained from Stampgaten 14, SE- 411 01 Goteborg, Sweden.

13 ULTIMATE CONTROLLING PARTY

Arctic Paper Limited is ultimately controlled by Cassandrax Financial SA, a company registered in Luxembourg. Cassandrax Financial SA is controlled by Mr T Onstad.