

Registered number: 07477792

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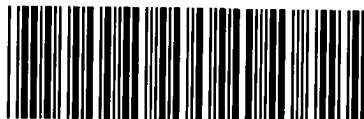
**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Puri R Mochor (appointed 28 November 2019)
<b>Company secretary</b>	M M Secretariat Limited
<b>Registered number</b>	07477792
<b>Registered office</b>	Environment House 6 Union Road Nottingham NG3 1FH
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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## PURICO SPECIALITY PAPER COMPANY LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The Company's principal activity throughout the period was that of a holding company. The Group's principal activity throughout the year was that of a manufacturer of speciality papers for the tea and coffee industry, sausage casing and overlay papers.

#### Business review

The Group's businesses have recorded mixed results in the year to December 2019 resulting in a loss after taxation for the Group of £2,343,000 (2018 – loss £523,000).

Results for DV were in line with expectations with increased turnover and profitability reflecting the stability of the business whilst operating across a number of specialist markets.

Union Papertech continued to be impacted during the first half of 2019 by the supply chain issues caused by a major fire in 2018 at a key raw material supplier. As a consequence the company was unable to fill all of the available machine capacity due to the lack of this key raw material.

During the year the company took the opportunity to look at process improvements and a number of initiatives have been implemented during the latter part of 2019 and into 2020. The benefits are being realized in 2020 with further improvements expected in 2021. It is anticipated these measures will re-establish the company's profitability in the near future and the improvements will help safeguard the business for years to come.

The current market and economic conditions remain challenging for the Group but the operating companies have a number of intrinsic strengths that will continue to help support it through the current climate. In particular, the customer base is varied and is geographically diverse. The Group has strong long term relationships with key customers and suppliers.

#### Principal risks and uncertainties

The business and financial performance may be adversely affected by down turns in the target markets that the company serves. Demand for the Group's products is driven by consumption of those products which is often affected by general economic conditions.

The industry in which the Group operates remains highly competitive. Further increases in capacity will lead to increased competition without increased market demand for products. Increased competition could reduce the Group's sales and profitability.

The cost of raw materials and energy used to manufacture products could increase, or the availability of key raw materials could become more constrained. As a result the Group is subject to risks in terms of raw materials and energy cost fluctuation. This is mitigated where possible by placing forward orders at fixed prices for raw materials and energy. In addition, the Group works continuously to improve its carbon footprint to mitigate energy price rises that have been a significant factor in recent years.

The impact of foreign exchange movements can have significant impacts on the Group's results particularly as the Group trades significantly in overseas markets.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial key performance indicators**

The Group uses several key performance indicators to track performance.

Turnover decreased from £43.3m to £42.6m, representing a decrease of £0.7m or 2%. Gross profit decreased from £10.0m to £8.2m representing a decrease of £1.8m or 18%. The loss before tax and goodwill amortisation was £0.5m (2018: profit of £1.1m).

The Group's overall net assets decreased from £14.4m to £11.8m.

**Covid-19**

The group's manufacturing operations have continued to operate on a normal basis from the start of the lockdown period. There have been no major issues in terms of supply or other impacts on production whilst demand for the group's products has remained at least normal levels throughout. Indeed demand for paper from some customers has increased due to the increased consumption of tea bags in particular during the pandemic. Thus there has been no major impact on the group so far and production and sales of product has continued at normal levels.

The financial statements are prepared on the going concern basis. The directors of the trading subsidiaries have prepared cash flow forecasts up to December 2021. Whilst Covid-19 is having a negative impact on the global economy the group has continued to be able to trade successfully through the lockdown period. The impact of Covid-19 has been considered by the directors as part of the forecast process and they have concluded taking this into account, and the bank facilities and group support in place, that the going concern basis is appropriate and no material uncertainty exists.

The Group and company balance sheet have net current liabilities which includes related company balances from Clary Limited of £13.6m (2018: £13.6m) and Purico Limited of £6.6m (2018: £6.7m). The directors have received assurances from both companies that they will not seek repayment of the balances until at least 12 months from the date of signing of these financial statements.

This report was approved by the board on 17 September 2020 and signed on its behalf.

**R Mochor**  
Director



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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors' responsibilities statement**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group will continue in business.

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

The director is 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.

**Results**

The loss for the year, after taxation, amounted to £2,343,000 (2018 - loss £523 thousand).

**Directors**

The directors who served during the year were:

A Puri  
R Mochor (appointed 28 November 2019)

**Qualifying third party indemnity provisions**

The Group maintains liability insurance for directors and officers as permitted by section 234 of the Companies Act 2006.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Disclosure of information to auditor**

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

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

**Post balance sheet events**

Covid-19 has been treated as a non adjusting post balance sheet event.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 September 2020 and signed on its behalf.



M M Secretariat Limited  
Secretary



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURICO SPECIALITY PAPER COMPANY LIMITED

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### Opinion

We have audited the financial statements of Purico Speciality Paper Company Limited (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2019, which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and Company balance sheets, the consolidated and Company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's or the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events for the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's or the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group and the Company associated with these particular events.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURICO SPECIALITY PAPER COMPANY LIMITED (CONTINUED)**

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's or the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's or the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Group and the Company will continue in operation.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Director's Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURICO SPECIALITY PAPER COMPANY LIMITED (CONTINUED)**

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**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURICO SPECIALITY PAPER COMPANY LIMITED (CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

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.

*Grant Thornton UK LLP*

Christopher Frostwick  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
East Midlands

17 September 2020

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £000	2018 £000
Turnover	4	42,574	43,317
Cost of sales		(34,382)	(33,271)
<b>Gross profit</b>		<u>8,192</u>	<u>10,046</u>
Distribution costs		(3,528)	(3,632)
Administrative expenses		(6,737)	(6,905)
Other operating income	5	-	542
<b>Operating (loss)/profit</b>	6	<u>(2,073)</u>	<u>51</u>
Interest receivable and similar income	8	34	31
Interest payable and similar expenses	9	(396)	(608)
<b>Loss before tax</b>		<u>(2,435)</u>	<u>(526)</u>
Tax on loss	10	92	3
<b>Loss for the financial year</b>		<u>(2,343)</u>	<u>(523)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(2,343)	(523)
		<u>(2,343)</u>	<u>(523)</u>

The notes on pages 17 to 38 form part of these financial statements.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £000	2018 £000
Loss for the financial year		(2,343)	(523)
<b>Other comprehensive income</b>			
Retranslation of opening net assets of overseas operations		(35)	45
<b>Other comprehensive income for the year</b>		(35)	45
<b>Total comprehensive income for the year</b>		(2,378)	(478)
<b>(Loss) for the year attributable to:</b>			
Owners of the Company		(2,343)	(523)
		(2,343)	(523)

The notes on pages 17 to 38 form part of these financial statements.

**PURICO SPECIALITY PAPER COMPANY LIMITED**  
**REGISTERED NUMBER:07477792**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	12	21,612	23,231
Tangible assets	13	5,906	6,189
		<u>27,518</u>	<u>29,420</u>
<b>Current assets</b>			
Stocks	15	6,230	7,471
Debtors: amounts falling due within one year	16	8,305	7,997
Cash at bank and in hand	17	1,169	1,108
		<u>15,704</u>	<u>16,576</u>
Creditors: amounts falling due within one year	18	(30,879)	(30,963)
<b>Net current liabilities</b>		<u>(15,175)</u>	<u>(14,387)</u>
<b>Total assets less current liabilities</b>		<u>12,343</u>	<u>15,033</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(591)	(662)
		<u>(591)</u>	<u>(662)</u>
<b>Net assets</b>		<u><u>11,752</u></u>	<u><u>14,371</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	14,000	14,000
Revaluation reserve	21	1,295	1,295
Foreign exchange reserve	21	10	45
Profit and loss account	21	(3,553)	(969)
<b>Equity attributable to owners of the Company</b>		<u>11,752</u>	<u>14,371</u>
		<u><u>11,752</u></u>	<u><u>14,371</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 September 2020.



R Mochor  
Director

The notes on pages 17 to 38 form part of these financial statements.

**PURICO SPECIALITY PAPER COMPANY LIMITED**  
**REGISTERED NUMBER: 07477792**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	14	39,333	39,333
		<u>39,333</u>	<u>39,333</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	3,113	2,179
Cash at bank and in hand	17	63	56
		<u>3,176</u>	<u>2,235</u>
Creditors: amounts falling due within one year	18	(21,450)	(21,291)
<b>Net current liabilities</b>		<u>(18,274)</u>	<u>(19,056)</u>
<b>Total assets less current liabilities</b>		<u>21,059</u>	<u>20,277</u>
<b>Net assets</b>		<u>21,059</u>	<u>20,277</u>
<b>Capital and reserves</b>			
Called up share capital	22	14,000	14,000
Profit and loss account	21	7,059	6,277
		<u>21,059</u>	<u>20,277</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 September 2020.



**R Mochor**  
 Director

The notes on pages 17 to 38 form part of these financial statements.

## PURICO SPECIALITY PAPER COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	14,000	1,295	45	(969)	14,371
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,343)	(2,343)
Retranslation of opening net assets of overseas operations	-	-	(35)	-	(35)
<b>Total comprehensive income for the year</b>	-	-	(35)	(2,343)	(2,378)
Dividends	-	-	-	(241)	(241)
<b>At 31 December 2019</b>	<b>14,000</b>	<b>1,295</b>	<b>10</b>	<b>(3,553)</b>	<b>11,752</b>

The notes on pages 17 to 38 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	6,000	1,295	-	(206)	7,089
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(523)	(523)
Retranslation of opening net assets of overseas companies	-	-	45	-	45
<b>Total comprehensive income for the year</b>	-	-	45	(523)	(478)
Dividends	-	-	-	(240)	(240)
Shares issued during the year	8,000	-	-	-	8,000
<b>At 31 December 2018</b>	<b>14,000</b>	<b>1,295</b>	<b>45</b>	<b>(969)</b>	<b>14,371</b>

The notes on pages 17 to 38 form part of these financial statements.



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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	14,000	6,277	20,277
Profit for the year	-	1,023	1,023
Dividends	-	(241)	(241)
<b>At 31 December 2019</b>	<b>14,000</b>	<b>7,059</b>	<b>21,059</b>

The notes on pages 17 to 38 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	6,000	5,272	11,272
Profit for the year	-	1,245	1,245
Dividends	-	(240)	(240)
Shares issued during the year	8,000	-	8,000
<b>At 31 December 2018</b>	<b>14,000</b>	<b>6,277</b>	<b>20,277</b>

The notes on pages 17 to 38 form part of these financial statements.

## PURICO SPECIALITY PAPER COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(2,343)	(523)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,920	1,599
Depreciation of tangible assets	765	728
Interest paid	396	608
Interest received	(34)	(31)
Taxation charge	(92)	(3)
Decrease/(increase) in stocks	1,241	(231)
(Increase)/decrease in debtors	(333)	1,635
(Decrease) in creditors	(737)	(1,015)
(Decrease)/Increase in amounts owed to related parties	(147)	5,528
Corporation tax received/(paid)	54	(47)
<b>Net cash generated from operating activities</b>	<b>690</b>	<b>8,248</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(358)	(473)
Interest received	34	31
Cash on acquisition	-	851
Acquisition of subsidiaries	-	(15,290)
<b>Net cash from investing activities</b>	<b>(324)</b>	<b>(14,881)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	8,000
Movements on invoice discounting	366	(813)
Dividends paid	(240)	(240)
Interest paid	(396)	(608)
Non cash movement foreign exchange reserve	(35)	45
<b>Net cash used in financing activities</b>	<b>(305)</b>	<b>6,384</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>61</b>	<b>(249)</b>
Cash and cash equivalents at beginning of year	1,108	1,357
<b>Cash and cash equivalents at the end of year</b>	<b>1,169</b>	<b>1,108</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		

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**PURICO SPECIALITY PAPER COMPANY LIMITED**


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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**


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	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>1,169</b>	<b>1,108</b>
	<u><b>1,169</b></u>	<u><b>1,108</b></u>

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**CONSOLIDATED ANALYSIS OF NET DEBT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**


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	<b>At 1 January 2019 £000</b>	<b>Cash flows £000</b>	<b>Other non- cash changes £000</b>	<b>At 31 December 2019 £000</b>
Cash at bank and in hand	<b>1,108</b>	<b>96</b>	<b>(35)</b>	<b>1,169</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<u><b>1,108</b></u>	<u><b>96</b></u>	<u><b>(35)</b></u>	<u><b>1,169</b></u>

The notes on pages 17 to 38 form part of these financial statements.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. General information**

Purico Speciality Paper Company Limited is a company limited by shares. It was incorporated in England and its registered office is Environment House, 6 Union Road, Nottingham, NG3 1FH. The principal activity of the Company is that of an investment holding company. The principal activity of the Group of which the Company is the parent is the production of a range of specialist paper products, including tea and coffee papers.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.3 Going concern**

The group's manufacturing operations have continued to operate on a normal basis from the start of the lockdown period. There have been no major issues in terms of supply or other impacts on production whilst demand for the group's products has remained at least normal levels throughout. Indeed demand for paper from some customers has increased due to the increased consumption of tea bags in particular during the pandemic. Thus there has been no major impact on the group so far and production and sales of product has continued at normal levels.

The financial statements are prepared on the going concern basis. The directors of the trading subsidiaries have prepared cash flow forecasts up to December 2021. Whilst Covid-19 is having a negative impact on the global economy the group has continued to be able to trade successfully through the lockdown period. The impact of Covid-19 has been considered by the directors as part of the forecast process and they have concluded taking this into account, and the bank facilities and group support in place, that the going concern basis is appropriate and no material uncertainty exists.

The Group and company balance sheet have net current liabilities which includes related company balances from Clary Limited of £13.6m (2018: £13.6m) and Purico Limited of £6.6m (2018: £6.7m). The directors have received assurances from both companies that they will not seek repayment of the balances until at least 12 months from the date of signing of these financial statements.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

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

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

**2.5 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss account over its useful economic life of 20 years.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10% straight line
Plant & machinery	- 5% - 33% straight line
Motor vehicles	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss account.

**2.7 Revaluation of tangible fixed assets**

Plant and machinery is carried at fair value at the year end less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Profit and Loss account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.8 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Profit and Loss account on a straight line basis over the lease term.

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Profit and Loss account.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.13 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.13 Financial instruments (continued)**

contract.

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.15 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.16 Finance costs**

Finance costs are charged to the Consolidated Profit and Loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.17 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.18 Pensions**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.19 Interest income**

Interest income is recognised in the Consolidated Profit and Loss account using the effective interest method.

**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)****2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.22 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Many of the amounts included in the financial statements involve the use of judgement and / or estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

**Judgements in applying accounting policies**

The directors must judge whether all of the conditions required for revenues to be recognised in the Consolidated Profit and Loss account in the financial year, as set out in note 2, have been met.

**Source of estimation uncertainty**

- Depreciation rates are based on estimates of the useful lives and residual value of the assets involved
- Bad debt provisions are based on the likely recovery of debtor
- Engineering stores and stock provisions are based on the likely future use of the product.

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	7,337	8,113
Rest of the world	35,237	35,204
	<u>42,574</u>	<u>43,317</u>

The whole of the turnover is attributable to the manufacture of specialist paper products.

**5. Other operating income**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Reversal of previous dividend paid	-	542
	<u>-</u>	<u>542</u>

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**6. Operating (loss)/profit**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation on tangible fixed assets	764	728
Exchange differences	(37)	(149)
Other operating lease rentals	370	371
Amortisation of intangible assets, including goodwill	1,920	1,619
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	23	26
Fees payable to the Group's auditor for tax compliance services	-	5
Defined contribution pension cost	313	363
	<u>          </u>	<u>          </u>

During the year, the director received no remuneration (2018 - £nil).

The director was paid by a related company, Purico Limited. It is not practicable to apportion his total remuneration to this Company.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

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

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
Wages and salaries	<b>5,717</b>	6,211	-	-
Social security costs	<b>526</b>	578	-	-
Cost of defined contribution scheme	<b>313</b>	363	-	-
	<b>6,556</b>	7,152	-	-

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

	<b>2019 No.</b>	<i>2018 No.</i>
Manufacturing and production	<b>125</b>	150
Sales and distribution	<b>2</b>	3
Administration and management	<b>23</b>	16
	<b>150</b>	169

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL)

**8. Interest receivable**

	<b>2019 £000</b>	<i>2018 £000</i>
Interest receivable from related companies	<b>34</b>	31
	<b>34</b>	31

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**9. Interest payable and similar expenses**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Bank interest payable	<b>161</b>	<i>373</i>
Loans from related undertakings	<b>235</b>	<i>226</i>
Finance leases and hire purchase contracts	<b>-</b>	<i>9</i>
	<u><b>396</b></u>	<u><i>608</i></u>

**10. Taxation**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>1</b>	<i>25</i>
Adjustments in respect of previous periods	<b>-</b>	<i>(118)</i>
Group taxation relief	<b>(36)</b>	<i>103</i>
	<u><b>(35)</b></u>	<u><i>10</i></u>
<b>Foreign tax</b>		
Foreign tax in respect of prior periods	<b>13</b>	<i>-</i>
	<u><b>13</b></u>	<u><i>-</i></u>
<b>Total current tax</b>	<u><b>(22)</b></u>	<u><i>10</i></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(70)</b>	<i>(13)</i>
<b>Total deferred tax</b>	<u><b>(70)</b></u>	<u><i>(13)</i></u>
<b>Taxation on loss on ordinary activities</b>	<u><b>(92)</b></u>	<u><i>(3)</i></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019 £000</b>	<b>2018 £000</b>
Loss on ordinary activities before tax	<b>(2,435)</b>	<b>(526)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>(463)</b>	<b>(100)</b>
<b>Effects of:</b>		
Non-tax deductible expenses, including amortisation of goodwill	<b>307</b>	<b>184</b>
Capital allowances for year in excess of depreciation	-	<b>30</b>
Adjustments to tax charge in respect of prior periods	-	<b>(118)</b>
Adjusting deferred tax to average rate	-	<b>1</b>
Group relief claimed	<b>64</b>	<b>(67)</b>
Payment for group relief	-	<b>67</b>
<b>Total tax charge for the year</b>	<b>(92)</b>	<b>(3)</b>

**11. Dividends**

	<b>2019 £000</b>	<b>2018 £000</b>
Dividends declared on equity capital	<b>241</b>	<b>240</b>
	<b>241</b>	<b>240</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Intangible assets**

**Group and Company**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2019	32,374
Additions	301
At 31 December 2019	<u>32,675</u>
<b>Amortisation</b>	
At 1 January 2019	9,143
Charge for the year	1,920
At 31 December 2019	<u>11,063</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>21,612</u></u>
<i>At 31 December 2018</i>	<u><u>23,231</u></u>



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**13. Tangible fixed assets****Group**

	<b>Plant &amp; machinery £000</b>	<b>Motor vehicles £000</b>	<b>Leasehold improvements £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2019	7,073	33	667	7,773
Additions	356	-	2	358
Acquisition of subsidiary	174	-	-	174
At 31 December 2019	<u>7,603</u>	<u>33</u>	<u>669</u>	<u>8,305</u>
<b>Depreciation</b>				
At 1 January 2019	1,078	30	477	1,585
Charge for the year on owned assets	719	2	43	764
Acquisition of subsidiary	50	-	-	50
At 31 December 2019	<u>1,847</u>	<u>32</u>	<u>520</u>	<u>2,399</u>
<b>Net book value</b>				
At 31 December 2019	<u>5,756</u>	<u>1</u>	<u>149</u>	<u>5,906</u>
At 31 December 2018	<u>5,996</u>	<u>3</u>	<u>190</u>	<u>6,189</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Fixed asset investments****Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2019	39,333
At 31 December 2019	<u>39,333</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Union Papertech Limited	Ordinary	100%
Devon Valley Limited	Ordinary	100%
Purico USA Limited	Ordinary	100%
Purico Paper Company Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(Loss) £000</b>
Union Papertech Limited	3,510	(1,755)
Devon Valley Limited	4,323	1,082
Purico USA Limited	830	(23)
Purico Paper Company Limited	(402)	(5)

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**15. Stocks**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>
Raw materials and consumables	<b>4,360</b>	<b>4,493</b>
Work in progress (goods to be sold)	<b>525</b>	<b>611</b>
Finished goods and goods for resale	<b>1,345</b>	<b>2,367</b>
	<b>6,230</b>	<b>7,471</b>

Stocks recognised in cost of sales during the year as an expense was £24,382,595 (2018 - £22,490,106)

**16. Debtors**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Trade debtors	<b>5,874</b>	<b>5,150</b>	<b>24</b>	<b>-</b>
Amounts owed by Group undertakings	<b>(1)</b>	<b>-</b>	<b>1,871</b>	<b>881</b>
Amounts owed by other related parties	<b>1,664</b>	<b>1,654</b>	<b>1,203</b>	<b>1,298</b>
Other debtors	<b>356</b>	<b>671</b>	<b>-</b>	<b>-</b>
Prepayments and accrued income	<b>340</b>	<b>354</b>	<b>2</b>	<b>-</b>
Tax recoverable	<b>72</b>	<b>168</b>	<b>13</b>	<b>-</b>
	<b>8,305</b>	<b>7,997</b>	<b>3,113</b>	<b>2,179</b>

**17. Cash and cash equivalents**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Cash at bank and in hand	<b>1,169</b>	<b>1,108</b>	<b>63</b>	<b>56</b>
	<b>1,169</b>	<b>1,108</b>	<b>63</b>	<b>56</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Creditors: Amounts falling due within one year**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
Amounts owed to parent company	<b>13,610</b>	13,609	<b>13,610</b>	13,609
Trade creditors	<b>2,685</b>	2,498	-	54
Amounts owed to group undertakings	-	-	<b>101</b>	-
Amounts owed to other related parties	<b>8,455</b>	8,195	<b>7,645</b>	7,544
Other taxation and social security	<b>268</b>	185	<b>85</b>	80
Other creditors	<b>5,092</b>	5,765	-	-
Accruals and deferred income	<b>769</b>	711	<b>9</b>	4
	<b>30,879</b>	30,963	<b>21,450</b>	21,291

Included within other creditors is £4,887,068 (2018 - £4,521,098) relating to monies forwarded against trade debtors by RBS Invoice Finance Limited. This loan is secured by way of a fixed and floating charge over the assets of the subsidiary company, Union Papertech Limited.

Included within amounts owed to parent company is £13,609,892 (2018 - £13,609,392) relating to zero rated loan notes repayable on demand to Clary Limited, the ultimate parent company. This loan is secured by way of a fixed and floating charge over the assets of the Company. Dividends of £500 (2018: £Nil) are owed to Clary Limited which is included in the loan balance above.

**19. Financial instruments**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets measured at amortised cost	<b>9,284</b>	8,751	<b>3,239</b>	2,235
	<b>9,284</b>	8,751	<b>3,239</b>	2,235
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(29,568)</b>	(30,066)	<b>(21,355)</b>	(21,207)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by Group undertakings, amounts owed by related parties, other debtors, tax recoverable and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise amounts owed to parent company, trade creditors, amounts owed to related parties and other creditors.

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**PURICO SPECIALITY PAPER COMPANY LIMITED**

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**20. Deferred taxation**

**Group**

	<b>2019 £000</b>
At beginning of year	(662)
Charged to profit or loss	71
Arising on business combinations	-
<b>At end of year</b>	<b>(591)</b>

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>
Accelerated capital allowances	(705)	(708)
Losses and other deductions	72	-
Short term timing differences	42	46
	<b>(591)</b>	<i>(662)</i>

**21. Reserves**

**Revaluation reserve**

The revaluation reserve includes all upwards revaluations in the year.

**Foreign exchange reserve**

The foreign exchange reserve represents the movement in foreign exchange rates for the reporting of Purico USA Limited.

**Profit & loss account**

The profit and loss account includes all current and prior year retained profits and losses.

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**22. Share capital**

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
9,000,000 (2018 - 9,000,000) Ordinary shares of £1.00 each	9,000	9,000
5,000,000 (2018 - 5,000,000) Redeemable preference shares of £1.00 each	5,000	5,000
	<u>14,000</u>	<u>14,000</u>

**23. Business combinations**

The Company acquired 100% of the share capital of Purico Paper Company Limited on 29 November 2019 for £1. The goodwill arising of £301,000 has been fully amortised in the year.

**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Fair value adjustment £000	Fair value £000
Tangible fixed assets	124	124
	<u>124</u>	<u>124</u>
Debtors	2	2
<b>Total assets</b>	<u>126</u>	<u>126</u>
Creditors due within one year	(427)	(427)
<b>Total identifiable net assets/(liabilities)</b>	<u>(301)</u>	<u>(301)</u>
Goodwill		301
<b>Total purchase consideration</b>		<u>-</u>

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**24. Pension commitments**

The Group operates a defined contribution pension scheme, the assets of which are held in a separately administered fund.

Contributions made by the Group during the period to the scheme amounted to £313,420 (2018 - £363,442). Included within other creditors is £52,954 (2018 - £51,332) in relation to contributions payable by the Group at the year end.

**25. Commitments under operating leases**

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>
Not later than 1 year	<b>29</b>	79
Later than 1 year and not later than 5 years	-	29
	<b>29</b>	108

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**26. Related party transactions**

The director of the Company has taken the exemption under FRS 102 not to disclose transactions entered into between wholly owned subsidiaries and their parent.

During the period the Group and the Company entered into transactions with various companies under common control.

**Clary Limited**

Included within amounts owed to parent company is £13,609,892 (2018 - £13,609,392) relating to zero rated loan notes repayable on demand to Clary Limited, the parent company. This loan is secured by way of a fixed and floating charge over the assets of the Company.

**Melham Group Limited**

Management charges amounted to £60,000 (2018: £500,000). At the year end, the Group owed Melham Group Limited £42,001 (2018 - £Nil).

**Pipestone Limited / Hollow Oak Limited**

Rentals charged by Pipestone Limited (Hollow Oak Limited) in the year amounted to £146,250 (2018 - £146,250). At the year end, the Group owed Pipestone Limited (Holly Oak Limited) £36,563 (2018: £36,563).

**Purico Hong Kong Limited**

During the year sales of £20,014 (2018 - £452,551) were made to Purico Hong Kong Limited. At the year end, Purico Hong Kong Limited owed Union Papertech Limited £1,368 (2018 - £1,357) and owed Devon Valley Limited £Nil (2018 - £1,170).

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Amounts due to Cricklade House Hotel Limited at year end	(41)	-
Amounts due to Bolton Plastic Components Limited at year end	-	-
Purchases from Bolton Plastic Components Limited	-	(14)
Amounts due from Purico Paper Company Limited at year end	251	-
Purchases from Bugilt Holdings Limited	(12)	(10)
Amounts due from Purico GmbH at year end	-	-
Amounts due from PT Viola Fibres International Limited at year end	222	-
Sales to Purico GmbH	-	42
Amounts due from Ancefin Limited at year end	-	56
Amounts due from Skerritts of Nottingham Limited at year end	110	120
Amounts due from Cordline Services Limited at year end	742	723
Amounts due to Purico Group Limited at year end	(1,082)	(807)
Amounts due to Purico Limited at year end	(6,569)	(6,670)
Amounts due from White Capstan Limited at year end	430	387
Amounts due from Netherton Building and Construction Company Limited at year end	-	12
	<b>(5,949)</b>	<b>(6,161)</b>



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**27. Controlling party**

The Company is controlled by Clary Limited, a company incorporated in the Isle of Man. In the opinion of the director, Clary Limited is the Company's ultimate controlling party.