

Registered number: 07477792

PURICO SPECIALITY PAPER COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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PURICO SPECIALITY PAPER COMPANY LIMITED

COMPANY INFORMATION

Directors

A Puri
R Mochor

Company secretary

M M Secretariat Limited

Registered number

07477792

Registered office

Environment House
6 Union Road
Nottingham
NG3 1FH

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Regent House
80 Regent Road
Leicester
LE1 7NH

PURICO SPECIALITY PAPER COMPANY LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 10
Consolidated Profit and Loss Account	11
Consolidated Statement of Comprehensive Income	12
Consolidated Balance Sheet	13 - 14
Company Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Analysis of Net Debt	19
Notes to the Financial Statements	20 - 41

PURICO SPECIALITY PAPER COMPANY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 operating businesses have recorded improved results in the year to December 2020. The process improvements and initiatives implemented at Union Papertech during 2019 continued into 2020 resulting in much reduced losses at the company. The Group has recorded a loss before taxation in the year to December 2020 of £290,000 (2019 – loss £2,435,000).

Results for Devon Valley were in line with expectations with turnover relatively unchanged as compared with 2019 and reflecting the stability of the business in operating across a number of specialist markets.

During 2020 the business of Union Papertech continued to recover from a series of adverse impacts during 2018 and 2019 despite the potential impacts of the COVID-19 pandemic. Demand for the company's products remained strong throughout the year with marked progress being made in the innovation of the company's biodegradable Puriseal Green product now commercially available in the market. Demand for this paper is increasing rapidly and this will have a positive impact upon the company's outcome for 2021.

Process improvement continued throughout the year, increasing the efficiency and effectiveness of the Group's operating companies. Alongside this, capital investment in new equipment will provide a significant reduction in operating costs from 2021 onwards. The combined effect should result in a return to profitability for the Group.

Demand for the Group's products remains high. Given the intrinsic strengths of the operating companies and the strong long-term relationships with customers and suppliers, the Group can look forward to better prospects in the future.

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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

The Group uses several key performance indicators to track performance.

Turnover decreased from £42.6m to £42.5m, representing a decrease of £95k or 0.2%. Gross profit increased from £8.2m to £10.4m representing an increase of £2.2m or 27%. The profit before tax and goodwill amortisation was £1.3m (2019: loss of £0.5m).

The Group's overall net assets decreased from £11.8m to £10.9m.

Covid-19

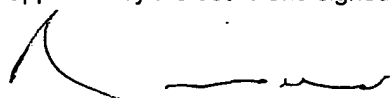
The group's manufacturing operations have continued to operate on a normal basis from the start of the lockdown period to date. There have been no major issues in terms of supply or other impacts on production whilst demand for the group's products has remained at least normal levels throughout. Indeed 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 June 2022. 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 (2019: £13.6m) and Purico Limited of £6.0m (2019: £6.6m). 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 and signed on its behalf.

R Mochor
Director



Date:

31 March 2021

PURICO SPECIALITY PAPER COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £639,000 (2019 - loss £2,343,000).

Directors

The directors who served during the year were:

A Puri
R Mochor

Qualifying third party indemnity provisions

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

PURICO SPECIALITY PAPER COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 and signed on its behalf.



M M Secretariat Limited
Secretary

Date: 31 March 2021



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

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 2020, 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 2020 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



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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group and Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.



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

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.



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

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.

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.



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates. We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our commercial experience and through discussion with management.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and evaluating management's incentives and opportunities for manipulation of the financial statements. We considered the risk of fraud to be higher through the potential for management override of controls.
- audit procedures performed by the engagement team included:
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large, profit affecting or relating to unusual transactions;
 - challenging assumptions and judgements made by management;
 - identifying and testing related party transactions.
- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - understanding of the financial reporting framework and the relevant tax compliance regulations specific to the entity.
- we did not identify any matters relating to non-compliance with laws and regulation, or incidences of fraud.



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

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
Leicester
Date: 31/3/2021

PURICO SPECIALITY PAPER COMPANY LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	42,479	42,574
Cost of sales		(32,107)	(34,382)
Gross profit		10,372	8,192
Distribution costs		(3,910)	(3,528)
Administrative expenses		(6,589)	(6,737)
Other operating income	5	124	-
Operating loss	6	(3)	(2,073)
Interest receivable and similar income	8	25	34
Interest payable and similar expenses	9	(312)	(396)
Loss before tax		(290)	(2,435)
Tax on loss	10	(349)	92
Loss for the financial year		(639)	(2,343)
Loss for the year attributable to:			
Owners of the Company		(639)	(2,343)
		(639)	(2,343)

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Loss for the financial year		(639)	(2,343)
Other comprehensive income			
Retranslation of opening net assets of overseas operations		(27)	(35)
Other comprehensive income for the year		(27)	(35)
Total comprehensive income for the year		(666)	(2,378)
(Loss) for the year attributable to:			
Owners of the Company		(666)	(2,378)
		(666)	(2,378)

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED
REGISTERED NUMBER:07477792

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020


	Note	2020 £000	Restated 2019 £000
Fixed assets			
Intangible assets	12	19,993	21,612
Tangible assets	13	5,340	5,906
		<u>25,333</u>	<u>27,518</u>
Current assets			
Stocks	15	9,401	6,230
Debtors: amounts falling due within one year	16	7,858	8,305
Cash at bank and in hand	17	1,256	1,169
		<u>18,515</u>	<u>15,704</u>
Creditors: amounts falling due within one year	18	(12,765)	(10,922)
Net current assets		<u>5,750</u>	<u>4,782</u>
Total assets less current liabilities		<u>31,083</u>	<u>32,300</u>
Creditors: amounts falling due after more than one year	19	(19,592)	(19,957)
Provisions for liabilities			
Deferred taxation	21	(646)	(591)
		<u>(646)</u>	<u>(591)</u>
Net assets		<u><u>10,845</u></u>	<u><u>11,752</u></u>

PURICO SPECIALITY PAPER COMPANY LIMITED
REGISTERED NUMBER:07477792

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	23	14,000	14,000
Revaluation reserve	22	1,295	1,295
Foreign exchange reserve	22	(17)	10
Profit and loss account	22	(4,433)	(3,553)
		<u>10,845</u>	<u>11,752</u>

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


R Mocho
Director

Date: 31 March 2021

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED
REGISTERED NUMBER:07477792

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	Restated 2019 £000
Fixed assets			
Investments	14	39,833	39,333
		<u>39,833</u>	<u>39,333</u>
Current assets			
Debtors: amounts falling due within one year	16	3,471	3,113
Cash at bank and in hand	17	527	63
		<u>3,998</u>	<u>3,176</u>
Creditors: amounts falling due within one year	18	(1,108)	(835)
Net current assets		<u>2,890</u>	<u>2,341</u>
Total assets less current liabilities		<u>42,723</u>	<u>41,674</u>
Creditors: amounts falling due after more than one year	19	(19,635)	(20,615)
Net assets		<u><u>23,088</u></u>	<u><u>21,059</u></u>
Capital and reserves			
Called up share capital	23	14,000	14,000
Profit and loss account	22	9,088	7,059
		<u><u>23,088</u></u>	<u><u>21,059</u></u>

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



R Mochor
Director

Date: 31 March 2021

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	14,000	1,295	10	(3,553)	11,752
Comprehensive income for the year					
Loss for the year	-	-	-	(639)	(639)
Retranslation of opening net assets of overseas operations	-	-	(27)	-	(27)
Total comprehensive income for the year	-	-	(27)	(639)	(666)
Dividends	-	-	-	(241)	(241)
At 31 December 2020	14,000	1,295	(17)	(4,433)	10,845

The notes on pages 20 to 41 form part of these financial statements.

**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
Comprehensive income for the year					
Loss for the year	-	-	-	(2,343)	(2,343)
Retranslation of opening net assets of overseas companies	-	-	(35)	-	(35)
Total comprehensive income for the year	-	-	(35)	(2,343)	(2,378)
Dividends	-	-	-	(241)	(241)
At 31 December 2019	14,000	1,295	10	(3,553)	11,752

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	14,000	7,059	21,059
Profit for the year	-	2,270	2,270
Dividends	-	(241)	(241)
At 31 December 2020	14,000	9,088	23,088

The notes on pages 20 to 41 form part of these financial statements.

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

	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)
At 31 December 2019	14,000	7,059	21,059

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £000	2019 £000
Cash flows from operating activities		
Loss for the financial year	(639)	(2,343)
Adjustments for:		
Amortisation of intangible assets	1,619	1,920
Depreciation of tangible assets	780	765
Interest paid	312	396
Interest received	(25)	(34)
Taxation charge	349	(92)
(Increase)/decrease in stocks	(3,171)	1,241
(Increase) in debtors	(214)	(333)
Increase/(decrease) in creditors	859	(737)
(Decrease) in amounts owed to related parties	(578)	(147)
Corporation tax (paid)/received	(29)	54
Net cash generated from operating activities	<u>(737)</u>	<u>690</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(216)	(358)
Interest received	25	34
Net cash from investing activities	<u>(191)</u>	<u>(324)</u>
Cash flows from financing activities		
Movements on invoice discounting	1,595	366
Dividends paid	(241)	(240)
Interest paid	(312)	(396)
Non cash movement foreign exchange reserve	(27)	(35)
Net cash used in financing activities	<u>1,015</u>	<u>(305)</u>
Net increase in cash and cash equivalents	<u>87</u>	<u>61</u>
Cash and cash equivalents at beginning of year	1,169	1,108
Cash and cash equivalents at the end of year	<u><u>1,256</u></u>	<u><u>1,169</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,256	1,169
	<u><u>1,256</u></u>	<u><u>1,169</u></u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £000	Cash flows £000	Other non- cash changes £000	At 31 December 2020 £000
Cash at bank and in hand	1,169	114	(27)	1,256
	-	-	-	-
	<u>1,169</u>	<u>114</u>	<u>(27)</u>	<u>1,256</u>

The notes on pages 20 to 41 form part of these financial statements.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 amounts owed to parent company and part of the amounts owed to other related parties have been reclassified between creditors falling due within one year and creditors falling due greater than one year. The prior year comparatives have also been restated for these reclassifications.

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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 to date. 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 June 2022. 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 (2019: £13.6m) and Purico Limited of £6.0m (2019: £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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.10 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 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.

2.12 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.

2.13 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.

2.14 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

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 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.

2.15 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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.16 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.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.17 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.

2.18 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.

2.19 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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.20 Interest income**

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

2.21 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.

2.22 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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.23 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.

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. Purico Speciality Paper Company Limited has considered the value of its investment in its subsidiaries detailed within note 14. After careful consideration, the Company's Directors are satisfied that the actions and plans that the management of Union Papertech Limited have now put into place will maintain the value of its investment in the company for the foreseeable future.

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.
- Impairment of goodwill are based on assessment of carrying values

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	7,645	7,337
Rest of the world	34,834	35,237
	<u>42,479</u>	<u>42,574</u>

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

5. Other operating income

	2020	2019
	£000	£000
R&D tax credits	124	-
	<u>124</u>	<u>-</u>

6. Operating loss

The operating loss is stated after charging:

	2020	2019
	£000	£000
Depreciation on tangible fixed assets	780	764
Exchange differences	18	(37)
Other operating lease rentals	360	370
Amortisation of intangible assets, including goodwill	1,619	1,920
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	30	23
Defined contribution pension cost	307	313
	<u>3,094</u>	<u>3,367</u>

During the year, the director received no remuneration (2019 - £nil).

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

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

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

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Wages and salaries	5,843	5,717	-	-
Social security costs	515	526	-	-
Cost of defined contribution scheme	307	313	-	-
	<u>6,665</u>	<u>6,556</u>	<u>-</u>	<u>-</u>

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

	2020 No.	<i>2019 No.</i>
Manufacturing and production	127	125
Sales and distribution	3	2
Administration and management	22	23
	<u>152</u>	<u>150</u>

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL)

8. Interest receivable

	2020 £000	<i>2019 £000</i>
Interest receivable from related companies	25	34
	<u>25</u>	<u>34</u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	127	161
Loans from related undertakings	185	235
	<u>312</u>	<u>396</u>

10. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	286	1
Adjustments in respect of previous periods	18	-
Group taxation relief	(3)	(36)
	<u>301</u>	<u>(35)</u>
Foreign tax		
Foreign tax in respect of prior periods	(7)	13
	<u>(7)</u>	<u>13</u>
Total current tax	<u>294</u>	<u>(22)</u>
Deferred tax		
Origination and reversal of timing differences	(45)	(70)
Effect of tax rate change on opening balance	73	-
Adjustment in respect of previous periods	27	-
Total deferred tax	<u>55</u>	<u>(70)</u>
Taxation on profit/(loss) on ordinary activities	<u>349</u>	<u>(92)</u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(290)	(2,435)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(55)	(463)
Effects of:		
Non-tax deductible expenses, including amortisation of goodwill	309	307
Capital allowances for year in excess of depreciation	8	-
Adjustments to tax charge in respect of prior periods	18	-
Adjustments to deferred tax charge in respect of prior periods	27	-
Income not taxable for tax purposes	(24)	-
Foreign taxation	(7)	-
Remeasurement of deferred tax for changes in tax rates	73	-
Group relief claimed	-	64
Total tax charge for the year	349	(92)

11. Dividends

	2020 £000	2019 £000
Dividends declared on equity capital	241	241
	241	241

PURICO SPECIALITY PAPER COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

Group and Company

	Goodwill £000
Cost	
At 1 January 2020	32,675
At 31 December 2020	<u>32,675</u>
Amortisation	
At 1 January 2020	11,063
Charge for the year	1,619
At 31 December 2020	<u>12,682</u>
Net book value	
At 31 December 2020	<u><u>19,993</u></u>
At 31 December 2019	<u><u>21,612</u></u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

Group

	Plant & machinery £000	Motor vehicles £000	Leasehold improvements £000	Total £000
Cost or valuation				
At 1 January 2020	7,603	33	668	8,304
Additions	207	-	9	216
Disposals	-	(16)	-	(16)
At 31 December 2020	<u>7,810</u>	<u>17</u>	<u>677</u>	<u>8,504</u>
Depreciation				
At 1 January 2020	1,847	32	520	2,399
Charge for the year on owned assets	737	1	43	781
Disposals	-	(16)	-	(16)
At 31 December 2020	<u>2,584</u>	<u>17</u>	<u>563</u>	<u>3,164</u>
Net book value				
At 31 December 2020	<u>5,226</u>	<u>-</u>	<u>114</u>	<u>5,340</u>
At 31 December 2019	<u>5,756</u>	<u>1</u>	<u>148</u>	<u>5,905</u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	39,333
Additions	500
At 31 December 2020	<u>39,833</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
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 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Profit/(Loss) £000
Union Papertech Limited	(1,042)
Devon Valley Limited	1,400
Purico USA Limited	237
Purico Paper Company Limited	(7)

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Stocks

	Group 2020 £000	<i>Group 2019 £000</i>
Raw materials and consumables	6,758	4,360
Work in progress (goods to be sold)	1,092	525
Finished goods and goods for resale	1,551	1,345
	<u>9,401</u>	<u>6,230</u>

Stocks recognised in cost of sales during the year as an expense was £23,056,190 (2019 - £24,382,595)

16. Debtors

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Trade debtors	6,116	5,874	-	24
Amounts owed by Group undertakings	-	-	2,590	1,871
Amounts owed by other related parties	1,102	1,663	863	1,203
Other debtors	222	357	-	-
Prepayments and accrued income	399	340	18	2
Tax recoverable	19	71	-	13
	<u>7,858</u>	<u>8,305</u>	<u>3,471</u>	<u>3,113</u>

17. Cash and cash equivalents

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Cash at bank and in hand	1,256	1,169	527	63
	<u>1,256</u>	<u>1,169</u>	<u>527</u>	<u>63</u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Creditors: Amounts falling due within one year

	Group	<i>Group Restated</i>	Company	<i>Company Restated</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Trade creditors	3,404	2,685	-	-
Amounts owed to group undertakings	-	-	101	101
Amounts owed to other related parties	1,371	2,107	808	640
Corporation tax	213	-	80	-
Other taxation and social security	409	268	109	85
Other creditors	6,595	5,093	-	-
Accruals and deferred income	773	769	10	9
	12,765	10,922	1,108	835

Included within other creditors is £4,887,068 (2019 - £4,887,068) 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 £13,610,392 (2019 - £13,609,892) 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 £1,000 (2019: £500) are owed to Clary Limited which is included in the loan balance above.

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

	Group	<i>Group Restated</i>	Company	<i>Company Restated</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Amounts owed to parent company	13,610	13,610	13,610	13,610
Amounts owed to other related parties	5,982	6,347	6,025	7,005
	19,592	19,957	19,635	20,615

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Financial instruments

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets measured at amortised cost	8,715	9,284	3,980	3,239
	<u>8,715</u>	<u>9,284</u>	<u>3,980</u>	<u>3,239</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(30,958)	(29,568)	(20,542)	(21,355)
	<u>(30,958)</u>	<u>(29,568)</u>	<u>(20,542)</u>	<u>(21,355)</u>

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.

PURICO SPECIALITY PAPER COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Deferred taxation

Group

		2020 £000
At beginning of year		(591)
Charged to profit or loss		(55)
At end of year		(646)

	Group 2020 £000	Group 2019 £000
Accelerated capital allowances	(737)	(705)
Losses and other deductions	29	72
Short term timing differences	62	42
	(646)	(591)

22. 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.

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Share capital

	2020	<i>2019</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
9,000,000 (2019 - 9,000,000) Ordinary shares of £1.00 each	9,000	<i>9,000</i>
5,000,000 (2019 - 5,000,000) Redeemable preference shares of £1.00 each	5,000	<i>5,000</i>
	<u>14,000</u>	<u><i>14,000</i></u>

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 £307,044 (2019 - £313,420). Included within other creditors is £53,793 (2019 - £52,954) in relation to contributions payable by the Group at the year end.

25. Commitments under operating leases

At 31 December 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>
	2020	<i>2019</i>
	£000	<i>£000</i>
Not later than 1 year	45	<i>29</i>
Later than 1 year and not later than 5 years	94	<i>-</i>
	<u>139</u>	<u><i>29</i></u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. Related party transactions

The directors of the Company have 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 £13,610,392 (2019 - £13,609,892) relating to zero rated loan notes repayable over a 15 year period to Clary Limited, the parent company. This loan is secured by way of a fixed and floating charge over the assets of the Company. Based on the repayment terms of this loan, the amounts have been reclassified to creditors falling due within greater than one year and the previous year comparatives have been restated for this position.

Melham Group Limited

Management charges amounted to £Nil (2019: £60,000). At the year end, the Group owed Melham Group Limited £Nil (2019 - £42,001).

Hollow Oak Limited

Rentals charged by Pipestone Limited (Hollow Oak Limited) in the year amounted to £146,250 (2019 - £146,250). At the year end, the Group owed Pipestone Limited (Holly Oak Limited) £Nil (2019: £36,563).

Purico Hong Kong Limited

During the year sales of £20,793 (2019 - £20,014) were made to Purico Hong Kong Limited. At the year end, Purico Hong Kong Limited owed Group £8,063 (2019 - £1,368).

	2020 £000	2019 £000
Amounts due to Cricklade House Hotel Limited at year end	-	(41)
Amounts due from Purico GmbH at year end	3	-
Amounts due to Bolton Plastic Components Limited	(4)	-
Amounts due from Cordline Services Limited at year end	642	742
Purchases from Blugilt Holdings Limited	(7)	(12)
Amounts due from PT Viola Fibres International Limited at year end	215	222
Amounts due from White Capstan Limited at year end	87	430
Amounts due to Purico Group Limited at year end	(781)	(1,082)
Amounts due to Purico Limited at year end	(5,965)	(6,678)
Amounts due from Sheritts Properties Ltd at year end	85	110
Amounts due from Netherton Building and Construction Company Limited at year end	-	-
	<u>(5,725)</u>	<u>(6,309)</u>

PURICO SPECIALITY PAPER COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

27. Controlling party

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