

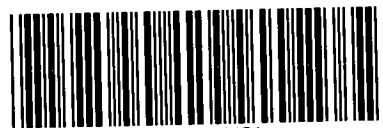
Registered number: 08347876

NORTHWOOD & WEPA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

FRIDAY



A3HQYLVC

A07

03/10/2014

#160

COMPANIES HOUSE

NORTHWOOD & WEPA LIMITED
PERIOD ENDED 30 JUNE 2014

COMPANY INFORMATION

Directors	C Deichmann M B Docker A S Fecher P Fecher P E King M J Redfern D Reid M O Krengel W L Hirner M D Fecher
Company secretary	P King
Registered number	08347876
Country of incorporation	England & Wales
Registered office	Bridgend Paper Mill, Llangynwyd Maesteg Mid Glamorgan Wales CF34 9RS

**NORTHWOOD & WEPA LIMITED
PERIOD ENDED 30 JUNE 2014**

CONTENTS

	Page
Strategic report	3
Directors' report	4
Independent auditors' report	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of cash flows	10
Statement of changes in equity	11
Notes to the financial statements	12

NORTHWOOD & WEPA LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Financial review

The company was incorporated on 4 January 2013 and commenced trading in May 2013. The company was formed following the acquisition of certain trade and assets from SCA Group.

Northwood and Wepa have firmly established themselves as a supplier of retail branded kitchen towel and bathroom tissue to the consumer market excelling in providing superior customer service and quality. With a very experienced workforce within the tissue industry, we are able to bring real value to our customers through our products. A strong innovation pipeline helps us ensure the retailer brands are meeting the consumer needs, which the company prides itself on.

Compliance is at the heart of everything we do. Ensuring each colleagues safety is paramount and we work diligently to create a culture of zero accidents in the workplace. All employees are encouraged to 'Stop, Think and Ask' if they are unsure about any given task.

Since the acquisition, the team have been working on ensuring the seamless transfer of our suppliers and customers. The new company continues to build on the already strong business processes and, in March 2014, delivered the significant IT investment in the new state of the art computer system.

We are uniquely positioned as a private label business, which we see as a great strength in the current trading climate.

The results for the year are shown on page [8] and reflect a profit before tax for the period of £27.4m, which includes a one-off negative goodwill credit of £23.6m in relation to the acquisition of the trade and assets referred to above. The directors are pleased with the result for the year and look forward to the future with optimism.

Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the company's performance and could cause actual results to differ materially from expected and historical results. The principal business risks which the company faces are in relation to the competitive nature of the market place and the fluctuations in the price of raw materials and energy.

The directors have the responsibility for risk management and have various strategies for doing so. Some of the strategies are laid out on page [24]

Financial key performance indicators

The Board considers various key performance indicators by which it measures the performance of the company. The main KPI's are revenue, the profit from operations and the current ratio. Revenue for the first period of trading is £115.5m with profit from operations being £4.8m excluding the gain on the acquisition of trade and assets in the period. The current ratio is 1.63. The directors are pleased with these results for the initial trading period.

This strategic report was approved by the board on 3 October 2014 and signed on its behalf by



M Docker
Director

NORTHWOOD & WEPA LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2014

The directors present their report and the financial statements for the period ended 30 June 2014.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities

The principal activity of the Company is that of producing and converting paper.

Results

The results for the period are set out in the Strategic Report on page 3.

Financial Instruments

The company's financial risk management objectives and policies are disclosed in note 15. Details of the use of financial instruments are also given in note 15.

Research and development

All research costs are written off as incurred. Any development expenditure that meets the qualifying criteria is capitalised. No items meet the criteria for capitalisation in the period.

NORTHWOOD & WEPA LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Directors

The directors who served during the period and changes since the period end were:

C Deichmann (appointed 22 July 2013)
M B Docker (appointed 14 August 2013)
A S Fecher (appointed 20 February 2013)
P Fecher (appointed 20 February 2013)
P E King (appointed 4 January 2013)
J P P Krengel (appointed 22 July 2013 & resigned 15 August 2014)
M J Redfern (appointed 14 August 2013)
D Reid (appointed 14 August 2013)
A C Selby (appointed 14 August 2013 & resigned 2 May 2014)
M O Krengel (appointed 15 August 2014)
W L Hirner (appointed 15 August 2014)
M D Fecher (appointed 15 August 2014)

Political and charitable contributions

During the year, the company made no political donations and made charitable donations of £950.

Provision of information to auditors

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

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

Auditors

The auditors, BDO LLP, were appointed in the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 October 2014 and signed on its behalf by



M Redfern
Director

NORTHWOOD & WEPA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHWOOD & WEPA LIMITED

We have audited the financial statements of Northwood & Wepa Limited for the period ended 30 June 2014 which comprise the statement of comprehensive income, statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

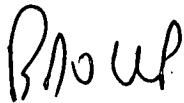
NORTHWOOD & WEPA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHWOOD & WEPA LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Philip Storer (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Manchester
United Kingdom

3 October 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NORTHWOOD & WEPA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014**

	Note	18 Month period to 30 June 2014 £'000
REVENUE	2	115,513
Cost of sales		<u>(97,938)</u>
GROSS PROFIT		17,575
Administrative expenses		(12,764)
Other operating income	3	<u>48</u>
PROFIT FROM OPERATIONS	4	4,859
Gain on acquisition	8	<u>23,606</u>
PROFIT BEFORE INTEREST		28,465
Finance income	6	272
Finance costs	7	<u>(1,380)</u>
PROFIT BEFORE TAXATION		27,357
Tax expense	9	<u>(1,215)</u>
PROFIT FOR THE PERIOD		<u>26,142</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>26,142</u>

All amounts relate to continuing operations.

All of the total comprehensive income for the period is attributable to the equity holders of the parent.

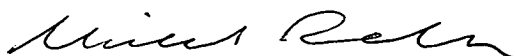
The notes on pages 12 to 27 form part of these financial statements.

NORTHWOOD & WEPA LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	2014 £'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	10		51,161
Current assets			
Inventories	11	10,634	
Trade and other receivables	12	20,869	
Cash and cash equivalents	20	<u>5,203</u>	
Total current assets		36,706	
TOTAL ASSETS			<u>87,867</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	35,937	
Deferred tax liabilities	16	<u>840</u>	
Total non-current liabilities		36,777	
Current liabilities			
Trade and other payables	13	22,521	
Short-term borrowings	14	<u>1,427</u>	
Total current liabilities		23,948	
TOTAL LIABILITIES			60,725
EQUITY			
Share capital	17		1,000
Retained earnings			<u>26,142</u>
EQUITY ATTRIBUTABLE TO THE OWNERS			<u>27,142</u>
TOTAL EQUITY AND LIABILITIES			<u>87,867</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 October 2014 by



M Redfern
Director

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

NORTHWOOD & WEPA LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014**

	2014
	£'000
Cash flows from operating activities	
Profit for the period	26,142
Adjustments for:	
Gain on acquisition	(23,606)
Depreciation of property, plant and equipment	4,237
Finance income	(272)
Finance expense	1,380
Tax expense	1,216
Decrease in inventories	174
(Increase) in trade and other receivables	(20,869)
Increase in trade and other payables	16,751
Cash generated from operations	5,153
Finance expense paid	(983)
Income taxes received (paid)	-
Net cash generated from operating activities	4,170
Cash flows from investing activities	
Acquisition of trade and assets	(35,600)
Purchase of property, plant and equipment	(2,003)
Finance income received	272
Net cash absorbed by investing activities	(37,331)
Cash flows from financing activities	
Net proceeds from issue of share capital	1,000
Proceeds from long-term borrowings	39,967
Proceeds from related party loans	6,397
Net cash absorbed by financing activities	38,364
Net change in cash and cash equivalents	5,203
Cash and cash equivalents at start of period	-
Cash and cash equivalents at end of period	5,203

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

NORTHWOOD & WEPA LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At start of period	-	-	-
Changes in equity for period ended 30 June 2014			
Issue of shares for cash	1,000	-	1,000
Profit for the year	-	26,142	26,142
Other comprehensive income for the year	-	-	-
At 30 June 2014	1,000	26,142	27,142

NORTHWOOD & WEPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as endorsed by the European Union ("endorsed IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under endorsed IFRS.

Basis of preparation of financial statements

The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and their interpretations adopted by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that those standards or interpretations which have been issued by the International Accounting Standards Board, but which have not been adopted, will have a material impact on the financial statements of the Company in the period of initial application.

Adoption of new and revised standards

The following standards and interpretations were effective in 2014 but have not had a material impact on the company:

IFRS 13 Fair Value Measurement

The following standards and interpretations to published standards are not yet effective:

<i>New standard or interpretation</i>	<i>EU Endorsement status</i>	<i>Mandatory effective date (periods beginning)</i>
IFRS 15 Revenue from contracts with customers	Expected Q2 2015	1 January 2017
IFRS 9 Financial Instruments	To be confirmed	1 January 2018

The Directors anticipate that the adoption of these Standards in future periods may have an impact on the results and net assets of the company, however, it is too early to quantify this.

The Directors anticipate that the adoption of other Standards and Interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the company.

Revenue

Revenue is recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Revenue is recognised when the risks and rewards attributable to the sale have been transferred to the customer, which is considered to be on delivery.

NORTHWOOD & WEPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

All property, plant and equipment assets are stated at valuation less accumulated depreciation. The residual values and useful lives of all assets are reviewed annually.

Depreciation is provided by the company on all property, plant & equipment, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property	-	6 years
Plant and machinery	-	5-25 years
General equipment	-	3-15 years

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Inventories are measured at standard cost. Provision is made for obsolete and slow-moving items.

Taxation

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

The Company's functional and presentational currency is Pounds Sterling (£) and this is the currency of the primary economic environment in which the Company operates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

NORTHWOOD & WEPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income statement. Differences between contributions payable in the year and contributions actually paid are shown as receivables or payables in the statement of financial position.

Trade and other receivables

Trade and other receivables are non-interest bearing and are stated at their nominal amount less provisions made for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on historical experience together with specific amounts that are not expected to be collectible. Individual amounts are written off when management deems them not to be collectible.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand. Bank overdrafts are disclosed as current liabilities.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their nominal value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

Financial assets are recognised at fair value on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

NORTHWOOD & WEPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, e.g. trade receivables. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents include cash in hand, deposits held at call and overdrafts with banks.

Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which it was acquired. The company's accounting policy for each category is as follows:

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

1. ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The nature of the company's business is such that there can be unpredictable variation and uncertainty regarding its business. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In the current year, the key source of estimation and judgement that may have a material impact on the figures reported in the financial statements is in relation to the fair values of the assets acquired from SCA Group. The Board have obtained independent valuations for each of these assets and the figures included within the financial statements are shown in note 21.

2. SEGMENTAL ANALYSIS

The whole of the turnover is attributable to the principal activities of the company.

The company operates in two principal geographical areas, UK and Europe. Revenue from external customers is by location of customer.

	2014 £'000
United Kingdom	113,226
Europe	2,287
	<hr/> 115,513 <hr/>

All of the company's assets are located in the United Kingdom.

IFRS 8 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker ('CODM') in order to allocate resources to the segment and assess its performance. The CODM has been determined as the Board of Directors as they are principally responsible for evaluating operating segment performance and deciding how to allocate resources to operating segments.

The reporting of results to the CODM reflects only one trading division which relates to the principal activity of the company and the results as shown in the statement of comprehensive income therefore reflect the results of this segment.

All assets and liabilities reported in the statement of financial position are attributable to the one operating segment identified.

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

3. OTHER OPERATING INCOME

	2014 £'000
Other operating income	<u><u>48</u></u>

Other operating income relates to discounts received.

4. PROFIT FROM OPERATIONS

The operating result is stated after charging:

	2014 £'000
Depreciation:	
- owned by the company	4,237
Operating lease rentals	580
Auditors remuneration – audit services	24
Auditors remuneration – non audit services	11

5. STAFF COSTS

Staff costs were as follows:

	2014 £'000
Wages and salaries	10,088
Social security costs	1,087
Other pension costs	1,348
	<u><u>12,523</u></u>

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

	2014 No.
	<u><u>231</u></u>

Directors and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel are considered to be the Directors of the company as listed on page 5.

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

5. STAFF COSTS (continued)

Directors' and key management personnel remuneration consists of:

	2014
	£'000
Emoluments	604
Contributions to personal pension schemes	46
Total	<u>650</u>

Remuneration in respect of the highest paid director:

	2014
	£'000
Emoluments	188
Contributions to personal pension schemes	13
Total	<u>201</u>

6. FINANCE INCOME

	2014
	£'000
Other interest receivable	<u>272</u>

7. FINANCE COSTS

	2014
	£'000
On bank loans and overdrafts	983
On related party loans	397
Total	<u>1,380</u>

8. GAIN ON ACQUISITION

	2014
	£'000
Gain on acquisition	<u>23,606</u>

The above income recognised in the year relates to the acquisition of certain trade and assets from SCA Group. See note 21.

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

9. TAXATION ON ORDINARY ACTIVITIES

	2014	
	£'000	£'000
<i>Current tax expense</i>		
UK corporation tax	375	
Adjustment in respect of prior periods	-	
	-	375
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	840	
Effect of change in rate of deferred tax	-	
	-	840
Total tax charge		1,215

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the period are as follows:

	2014
	£'000
Profit before tax	27,357
Expected tax charges based on the standard rate of corporation tax in the UK of 22.6%	6,189
Expenses not deductible for tax purposes	13
Fixed asset differences	335
Income not taxable for tax purposes	(5,340)
Other short term timing differences	22
Tax credits	(2)
Marginal relief	(2)
Total tax charge	1,215

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

10. PROPERTY, PLANT & EQUIPMENT

	Leasehold property	Plant and machinery	General equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
On acquisition	-	49,644	1,906	1,829	53,379
Additions	31	80	224	1,684	2,019
Disposals	-	(125)	-	-	(125)
Reclassification	-	2,942	168	(3,110)	-
At 30 June 2014	31	52,541	2,298	403	55,273
Accumulated depreciation					
Depreciation charge	3	3,984	250	-	4,237
Disposals	-	(125)	-	-	(125)
At 30 June 2014	3	3,859	250	-	4,112
Net book value					
At 30 June 2014	28	48,682	2,048	403	51,161

11. INVENTORIES

	2014
	£'000
Raw materials	2,075
Work in progress	1,429
Production supplies	3,939
Finished goods and goods for resale	3,191
	10,634

12. TRADE AND OTHER RECEIVABLES

	2014
	£'000
Trade receivables	15,508
Other receivables (see note 19)	4,488
Prepayments and accrued income	873
	20,869

The company is exposed to credit risk with respect to trade receivables due from its customers. The company assesses the credit rating for new customers to minimise the credit risk. Provisions for bad and doubtful debts are made based on management's objective assessment of the risk taking into account the age of the debt and items considered to be in dispute with customers. Given the nature of the customers, and the credit insurance in place,

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

12. TRADE AND OTHER RECEIVABLES (continued)

the directors consider that no provision is required against the trade receivables balance. As at 30 June 2014 trade receivables of £nil were past due but not impaired.

As at 30 June 2014 trade receivables of £nil were past due, impaired and provided against. The company takes a prudent view in assessing the risk of non-payment and considers provision for all debts more than three months in arrears unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older amounts.

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	£'000
Pound Sterling	14,875
Euro	<u>633</u>
TOTAL	<u>15,508</u>

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above.

13. TRADE AND OTHER PAYABLES - CURRENT

	2014
	£'000
Trade payables	11,082
Other payables	5,219
Accruals and deferred revenue	4,682

Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost **20,983**

Other tax and social security taxes **1,538**

Total trade and other payables **22,521**

To the extent trade and other payables are not carried at fair value in the balance sheet, book value approximates to fair value.

Maturity analysis of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost, is as follows:

	£'000
Up to 3 months	20,894
3 to 6 months	89
6 to 12 months	<u>-</u>
TOTAL	<u>20,983</u>

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

14. LOANS AND BORROWINGS

	2014
	£'000
Bank loans (secured)	30,967
Related party loans (secured)	6,397
	<hr/>
TOTAL	37,364
	<hr/> <hr/>

Principal terms and the debt repayment schedule of the company's loans and borrowings are as follows:

	Currency	Year of maturity	Security
Secured bank loan	GBP	2016	See below
Loans from related parties	GBP	2018	Secured

The bank loan is secured against all assets of the company.

Maturity analysis of loans and borrowings:

	2014
	£'000
In less than one year	1,427
In more than one year but not more than two years	32,394
In more than two years but not more than five years	3,543
	<hr/>
	37,364
	<hr/> <hr/>

15. FINANCIAL INSTRUMENTS

Risk Management

The company is exposed through its operations to one or more of the following financial risks:

- Market price risk
 - Fair value or cash flow interest rate risk
 - Foreign currency risk
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board following recommendations from the Finance Director. The policy for each of the above risks is described in more detail below. Further quantitative information in respect of these risks is presented throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

15. FINANCIAL INSTRUMENTS (continued)

Principal financial instruments

The principal financial instruments used by the company, from which financial risk arises, are as follows:

- Trade receivables
- Cash at bank
- Trade and other payables
- Floating-rate bank loans
- Loans from related parties

Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Fair value and cash flow interest rate risk

Bank loans are secured against the various assets of the company, with a different interest rate attributable to each class of asset. The company manages its interest rate risk by allocating the loan against the more liquid assets. The rate secured for the companies funding requirements were negotiated at incorporation and are deemed to be commercially acceptable to the Board of the Company.

Foreign currency risk

The company does not have any operations located overseas and the majority of customers are located in the United Kingdom. As such, the company is not exposed to significant foreign exchange risk in relation to its sales.

The company makes certain purchases in US dollars and closely monitors exchange rate movements. The company holds US dollar cash balances to reduce the risk in relation to exchange rate movements.

Other market price risk

Where the company has generated a significant amount of surplus cash it invests in money market over-night deposits. The directors believe that the exposure to market price risk from this activity is acceptable in the company's circumstances. The company closely monitors energy price movements and any risk is reduced by forward buying. The amount the company will buy forward depends upon the company's perceived risk within the market.

Liquidity risk

The liquidity risk of the company is managed by comparing to budgets and quarterly forecasts.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the company's forecast cash requirements.

The principle terms of the company's borrowings are set out in note 14.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company is mainly exposed to credit risk from credit sales. It is company policy, to assess the credit risk

NORTHWOOD & WEPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

15. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any contractual arrangements.

The company does not have any significant credit risk exposure to any single customer. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk. Where credit risk is deemed above the industry standard, credit insurance is obtained to mitigate any such risks.

Further details, including quantitative information, are included in note 12.

Capital disclosures

The company monitors its level of capital which comprises all components of equity.

The company's objective when maintaining capital is to safeguard the company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Sensitivity analysis

Whilst the company takes steps to minimise its exposure to cash flow interest rate risk and foreign exchange risk as described above, changes in interest and foreign exchange rates will have an impact on profit.

The directors consider a 0.75% movement in the interest rate to be reasonably possible as at the reporting date. The annualised effect of a 0.75% increase or decrease in the interest rate at the reporting date on the variable rate debt carried at that date would, all other variables being held constant, in the directors' opinion, be immaterial.

The directors consider that there is no material risk in relation to exchange rate movements. Where foreign exchange rate movements are forecast to move adversely against budget, foreign currency is purchased using forward contracts to reduce exposure.

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

15. FINANCIAL INSTRUMENTS *(continued)*

Financial Instruments by category

The carrying value of the company's financial instruments (together with non-financial assets/liabilities for reconciling purposes) are analysed as follows:

	Notes	Loans and receivables £'000	Amortised cost £'000	Non-financial instruments £'000	Total £'000
Assets					
Non-current assets	10	-	-	51,161	51,161
Trade and other receivables:					
Trade receivables	12	15,508	-	-	15,508
Other non-derivative financial assets	12	5,361	-	12,519	17,880
Cash and cash equivalents	20	5,203	-	-	5,203
Total assets		26,072	-	63,680	89,752
Liabilities					
Borrowings:					
Current	14	-	(1,427)	-	(1,427)
Non-current	14	-	(35,937)	-	(35,937)
Deferred tax liabilities	16	-	-	(840)	(840)
Trade and other payables:					
Trade payables	13	-	(11,082)	-	(11,082)
Other non-derivative financial liabilities	13	-	(9,901)	-	(9,901)
Non-financial instruments	13	-	-	(1,162)	(1,162)
Current tax liabilities		-	-	(376)	(376)
Total liabilities		-	(58,347)	(2,378)	(60,725)
Net assets		26,072	(58,347)	61,302	29,027

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

16. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20%.

The movement on net deferred tax is as shown below:

	2014 £'000
At start of period	-
Charge to income statement – other temporary differences	840
At 30 June 2014	840

17. SHARE CAPITAL

	2014 £'000
Allotted, called up and fully paid	
1,000,000 - Ordinary shares of £1 each	1,000

1,000,000 ordinary shares were issued during the period on formation of the company.

18. OPERATING LEASE COMMITMENTS

At 30 June 2014 the total value of minimum lease payments due was as follows:

	Land and buildings £'000	Other £'000
Not later than one year	405	27
Later than one year and not later than five years	320	33
	725	60

NORTHWOOD & WEPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

19. CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS

The share capital of the company is owned in equal proportions by Winfried Limited and PL Supplies Limited.

Included within note 14 is an amount of £3.2m owed to Winfried Limited and an amount of £1.9m owed to PL Supplies Limited. In addition, there is an amount of £1.3m owed to (The Trustees of the) Northwood Paper Sales Limited Pension Scheme.

Included in other debtors is an amount due from NW Property LLP of £4.2m in respect of a loan. During the year NW Property LLP charged the company £0.4m in respect of rent. Management charges of £0.07m per month have been charged by related parties and included within trade payables is an amount of £1.3m owed to Northwood Paper Sales Limited which relates to purchases made during the year.

20. CASH AND CASH EQUIVALENTS

	2014 £'000
Cash at bank and in hand	5,203

21. ACQUISITION OF TRADE AND ASSETS

On 6 March 2013, the company acquired certain trade and assets from SCA Group. The following table sets out the fair values of the identifiable assets and liabilities acquired:

	Fair value £'000
Assets	
Property, plant & equipment	53,379
Inventories	12,212
Liabilities	(1,785)
Net assets	63,806
Acquisition costs charged to the income statement	116

The consideration paid was the difference between the negative goodwill as set out in note 8 and fair value of the assets as set out above. There remains £4.6m payable at the year-end included within other payables. NW Property LLP, a related party acquired land and buildings as part of the acquisition which is not included in the fair value above.

All of the results for the period are attributable to the assets acquired.