

COMPANIES HOUSE COPY

Premier Paper Group Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 03672117



Premier Paper Group Limited

Report and financial statements for the year ended 31 December 2016

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Directors

G Griffiths
C Candler
S Taylor
D Allen

Secretary and registered office

S W Taylor, Premier House, Midpoint Park, Kingsbury Road, Birmingham, B76 1AF

Company number

03672117

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Bankers

Lloyds Bank PLC, Bailey Drive, Gillingham Business Park, Kent, ME8 OLS

Solicitors

Gateley PLC, One Eleven, Edmund Street, Birmingham, B3 2HJ

Premier Paper Group Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2016.

Principal activity

The company's principal activity is that of the distribution and merchanting of paper.

Business review

Following a year of significant growth brought about by the demise of Paperlinx in April 2015, 2016 was a year during which the company consolidated its position as the UK's leading independent paper merchant providing its customers with a constantly improving local service and increased product choice. The Premier Reel Paper Division at Castle Donnington completed its first full year under the ownership of Premier Paper Group Limited ("Premier Paper") and in doing so has cemented its market leading position. The company also took on some additional product ranges and brands and some new suppliers which have further enhanced the product mix. Premier Paper also continued its innovative carbon capture program which has proved popular with environmentally conscious customers.

The company recognises the effort of all its stakeholders, particularly its staff who continue to work hard but also its key suppliers, who support the strategic initiatives of the company, and its loyal customer base.

Principal risks and uncertainties

The principal risk to the business is similar to all paper merchants in the UK, being the concerns regarding the level of market demand and the consequent price pressure on margins.

The company continues to seek opportunities to reduce costs and improve efficiencies as well as investing in added value and growth sectors of the market, such as products for digital printers, which it anticipates will continue to create a positive impact in future years.

Over the years the sector has experienced significant business failures from amongst its customers but the company continues to take active steps to improve its credit risk management, and carries credit insurance against its debtor book.

2016 performance and key performance indicators

Sales volumes in the general market are estimated to have continued to fall (by 5-10%) with no sign of any let up in the general decline in the use of paper. In contrast Premier Paper's turnover is 7% up on 2015, partly due to a full year effect of the demise of Paperlinx.

There was some price erosion on commodity grades which continued to be under pressure during the year as a result of weak demand and supplier over capacity (particularly in the Coated Woodfree products sector) but this was offset by a stronger product mix with increasing sales of added value products. As a result the company has maintained its gross profit margin at 19.5% with overall gross profit increasing to £42.7m (2015 £39.9m) on the back of volume and turnover growth.

The full year effect of taking on 3 new warehouses during 2015 and increasing the commercial fleet to over 130 vehicles has resulted in £2m growth in overheads to £29.9m (2015 £27.9m) but the company has maintained a healthy operating profit of 5.8% (2015 5.8%) resulting in operating profit of £12.8m (2015 £11.9m).

Business failures in the printing sector continue but Premier Paper's strong credit control ethos, underpinned by credit insurance cover, has enabled the company to minimise the cost of these bad debts on its profitability.

The net result is that the company has performed very well in the face of a challenging and changing UK market place and has continued to improve its industry position with pre-tax profits increasing significantly to £12.6m (2015 £11.7m).

Premier Paper Group Limited

Strategic report
for the year ended 31 December 2016 (*continued*)

Future developments

Premier Paper Group Limited continues to be the UK's largest independent paper merchant and is also now the second largest paper merchant in the country. The outlook for 2017 is for a period of consolidation and to further strengthen its UK market position at sustainable profit levels. The organisation is stable and focused with teams of long serving high quality people working well together. The company continues to build on these strengths and is in a good position to continue its growth and take advantage of any market opportunities.

Approval

This Strategic Report was approved by order of the Board on 24/02/17

A handwritten signature in black ink, appearing to read 'S. Taylor', is written over a horizontal line.

S Taylor
Director

Premier Paper Group Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, before taxation, amounted to £12,637,000 (2015 - £11,734,000). Information on likely future developments of the company has been included in the strategic report on page 2.

Interim dividends of £1,650,000 (2015 - £1,882,000) have been paid during the year. The directors propose a final dividend of £200,000 which has not been accrued for at year end.

Directors

The directors of the company throughout the year were:

G Griffiths
C Candler
S Taylor (appointed 15 March 2016)
D Allen (appointed 22 September 2016)

Directors indemnity insurance policies were in place during the year and up to the date of this report. The policies are renewed annually.

Political contributions and donations

During the year, the company made political contributions of £Nil (2015 - £Nil) and charitable donations totalling £15,999 (2015 - £14,700).

Financial instruments

The company's financial risk management objective is broadly to seek to make neither profit nor loss from interest rate risk. Its policy is to finance fixed assets and working capital through retained earnings and through bank borrowings and invoice discounting facilities at prevailing market interest rates. The company does not use hedge accounting and has few transactions in foreign currency.

The company's exposure to the price risk of financial instruments is therefore market fluctuation.

As the counter party to most of its financial instruments is its bankers, it is also exposed to minimal credit and liquidity risk in respect of these instruments. The company sells goods on credit but manages the risk through a combination of sound credit control procedures and credit insurance.

Research and development activities

The company continues to develop and improve its product portfolio in conjunction with its major suppliers, whilst also developing its people and information technology.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy to provide continuing employment under normal terms and conditions.

Premier Paper Group Limited

Directors' report for the year ended 31 December 2016 (*continued*)

Employee involvement

The company is committed to effective communication with all staff. Employees are provided with information on relevant matters by means of newsletters and circulars.

Equal opportunities

The company is committed to the principle of equal opportunity in employment and to ensure that no applicant or employee receives less favourable treatment on the grounds of gender, race, age, colour, nationality, religion, HIV status, disability, sexuality, unrelated criminal convictions or other unjustified requirements or conditions.

The company applies employment policies that are fair and equitable and that ensure entry into, and progression within the company determined solely by application of job criteria, personal ability and competence.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the 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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

Disclosure of information to auditor

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

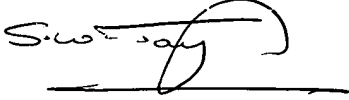
- so far as that director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the group's auditor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

Premier Paper Group Limited

Directors' report
for the year ended 31 December 2016 (*continued*)

Approval

This Directors' Report was approved by order of the Board on 24/02/17

A handwritten signature in black ink, appearing to read 'S Taylor', is written over a horizontal line.

S Taylor
Director

Premier Paper Group Limited

Independent auditor's report

TO THE MEMBERS OF PREMIER PAPER GROUP LIMITED

We have audited the financial statements of Premier Paper Group Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member 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 31 December 2016 and of the company's profit 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.

Opinion 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Premier Paper Group Limited

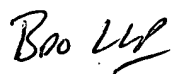
Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.



Gareth Singleton (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date **24 FEBRUARY 2017**

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

Premier Paper Group Limited

Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	3	217,845	203,643
Cost of sales		(175,158)	(163,783)
Gross profit		42,687	39,860
Distribution costs		(16,221)	(15,609)
Administrative expenses		(13,810)	(12,406)
Other operating Income	4	69	82
Operating profit	5	12,725	11,927
Interest payable and similar charges	9	(676)	(585)
Other finance expense	10	(41)	(61)
Interest receivable	11	629	453
Profit on ordinary activities before taxation		12,637	11,734
Taxation on profit on ordinary activities	12	(2,300)	(2,232)
Profit for the financial year		10,337	9,502
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		(1,304)	448
Movement of deferred tax relating to pension deficit/(surplus)		210	(81)
Other comprehensive income for the year		(1,094)	367
Total comprehensive income		9,243	9,869

All amounts relate to continuing activities.

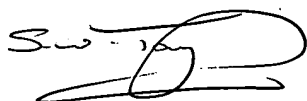
The notes on pages 11 to 29 form part of these financial statements.

Premier Paper Group Limited

Balance sheet at 31 December 2016

<i>Company number 03672117</i>	<i>Note</i>	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Intangible assets	14	-	-	-	30
Tangible assets	15		3,033		3,122
			3,033		3,152
Current assets					
Stocks	17	17,783		18,092	
Debtors: amounts due after more than one year	18	33,980		21,735	
Debtors: amounts falling due within one year	18	50,897		54,209	
Cash at bank and in hand		425		454	
		103,085		94,490	
Creditors: amounts falling due within one year	19	(50,009)		(49,663)	
Net current assets			53,076		44,827
Total assets less current liabilities			56,109		47,979
Creditors: amounts falling due after more than one year	20		(15,000)		(15,527)
Pension liability	23		(2,229)		(1,165)
Net assets			38,880		31,287
Capital and reserves					
Called up share capital	22		100		100
Profit and loss account			38,780		31,187
Shareholders' funds			38,880		31,287

The financial statements were approved by the Board of Directors and authorised for issue on 24/02/17



S Taylor
Director

The notes on pages 11 to 29 form part of these financial statements.

Premier Paper Group Limited

Statement of changes in equity at 31 December 2016

Statement of changes in equity for the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
1 January 2016	100	31,187	31,287
Comprehensive income			
Profit for the year	-	10,337	10,337
Other comprehensive income for the year: Actuarial losses on pensions, net of deferred tax	-	(1,094)	(1,094)
Total comprehensive income for the year	-	9,243	9,243
Transactions with shareholders			
Dividends: Equity capital (note 13)	-	(1,650)	(1,650)
At 31 December 2016	100	38,780	38,880

Statement of changes in equity for the year ended 31 December 2015

	Share capital £'000	Retained earnings £'000	Total equity £'000
1 January 2015	100	23,200	23,300
Comprehensive income			
Profit for the year	-	9,502	9,502
Other comprehensive income for the year: Actuarial gains on pensions, net of deferred tax	-	367	367
Total comprehensive income for the year	-	9,869	9,869
Transactions with shareholders			
Dividends: Equity capital (note 13)	-	(1,882)	(1,882)
At 31 December 2015	100	31,187	31,287

Capital and reserves comprise of:

Share capital	The nominal value of allotted and fully paid up ordinary share capital.
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income.

The notes on pages 11 to 29 form part of these financial statements.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies

Premier Paper Group Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the contents page and the principal activity of the company is set out in the strategic report.

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS102"); under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements have been prepared using the reduced disclosure exemptions as permitted by FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. They do not therefore include the requirements of:

- Section 7 'Statement of Cash Flows'
- Section 11 'Financial Instruments' paragraph 11.39 to 11.48A
- Section 33 'Related Party Disclosures' paragraph 33.7

This information is included in the consolidated financial statements of RADMS Paper Limited for the period ended 31 December 2016.

The accounts have been prepared in the company's functional currency, pounds sterling.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies as further explained in note 2.

The following principal accounting policies have been applied:

Revenue

Turnover comprises revenue recognised by the company in respect of goods supplied, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch of goods.

Goodwill and amortisation

Goodwill represents the excess of the fair value of the purchase consideration for shares in subsidiary undertakings or trade and assets over the fair value to the company of the net assets acquired and is amortised on a straight line basis over its useful economic life subject to any impairment review. The useful economic life is assumed by the directors to be 10 years.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets less their residual value over their estimated useful lives, on the following bases:

Freehold property	-	2% straight line per annum
Short leasehold property	-	Over period of the lease
Plant and Machinery	-	10% straight line per annum
Fixtures and Fittings	-	10% straight line per annum
Office equipment	-	20% straight line per annum
Computer equipment	-	20% straight line per annum
Motor Vehicles	-	14 - 20% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within the statement of comprehensive income.

Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value on a first in first out basis after making due allowance for obsolete and slow-moving stocks.

Financial instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and amounts owed by company undertakings, and any subsequent impairment is recognised in profit or loss.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or company of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise trade creditors, other creditors, other tax and social security, accruals and amounts due to group undertakings; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Pension costs

Defined contribution pension scheme

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Defined benefit pension scheme

The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

No increase in the present value of liabilities of the company's defined benefit pension scheme is expected as there are no active members remaining in the scheme. The scheme is closed to new members and to the future accrual of benefit.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or 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 reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- 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 timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences 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 and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investment properties are professionally valued using a market value methodology. Per the Valuation Standards as published by The Royal Institution of Chartered Surveyors market value is defined as 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

Stock provisions

The company has recognised provisions for the impairment of stock. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

In the case of the provision for the impairment of stock, this covers obsolescence through technological or customer specific reasons. This provision is based on the assessment of stock value and ageing, quantities on hand, usage, changes in the market, technical developments and warranty periods. The value of stock in note 17 is net of the provision for the impairment of stock.

Bad debt provisions

The company has recognised impairment provisions in respect of bad and doubtful trade debtors. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

This provision is based on the assessment of ageing of trade debtor balances and customer specific reasons. The value of trade debtors in note 18 is net of the provision for the impairment of trade debtors.

Pension liability

The company has a defined benefit pension scheme with the assets and liabilities included in the balance sheet. The fair value of the schemes assets and liabilities are measured on an actuarial basis by an independent qualified actuary.

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

3 Revenue

Revenue is wholly attributable to the principal activity of the company and arises solely within the United Kingdom. The whole of turnover is attributable to paper merchandising and distribution.

4 Other operating income

	2016 £'000	2015 £'000
Rents receivable	69	82

5 Operating profit

	2016 £'000	2015 £'000
This is arrived at after charging:		
Amortisation of intangible assets, including goodwill	30	6
Depreciation of tangible fixed assets	438	419
Defined contribution pension cost	507	454
Operating lease rentals	3,926	3,568

6 Auditor remuneration

	2016 £'000	2015 £'000
Fees for the audit of the company	31	31

Statutory information on remuneration for other services provided by the company's auditor and its associates is given on a consolidated basis in the group accounts of the parent company ADMS Paper Limited.

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

7 Employees

	2016 £'000	2015 £'000
Staff costs (including directors) consist of:		
Wages and salaries	14,621	13,403
Social security costs	1,479	1,357
Pension costs (note 23)	507	454
	<u>16,607</u>	<u>15,214</u>

The average number of employees (including directors) during the year was as follows:

	2016 Number	2015 Number
Sales	151	146
Administration	42	37
Warehouse and distribution	242	224
	<u>435</u>	<u>407</u>

In addition to the staff costs noted above, the company also paid costs of £98,000 (2015 - £114,000) including legal costs in relation to redundancy payments for the staff and directors. This is included within administrative expenses.

8 Directors' remuneration

	2016 £'000	2015 £'000
Directors' emoluments	385	344
Company pension contributions to defined contribution pension schemes	3	-
	<u>388</u>	<u>344</u>

During the year retirement benefits were accruing to 1 director (2015 – None) in respect of defined contribution pension schemes.

Emoluments of the highest paid director were £152,000 (2015 - £212,000). Pension contributions of £Nil (2015 - £Nil) were made to a money purchase scheme on his behalf.

9 Interest payable and similar charges

	2016 £'000	2015 £'000
On bank loans, overdrafts and other facilities	<u>676</u>	<u>585</u>

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

10 Other finance costs

	2016 £'000	2015 £'000
Net interest on net defined benefit liability	41	61

11 Interest receivable

	2016 £'000	2015 £'000
On loans to group companies	629	453

12 Taxation on profit on ordinary activities

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<i>UK corporation tax</i>				
Current tax on profits of the year	2,214		2,039	
Adjustment in respect of previous periods	6		(22)	
Total current tax		2,220		2,017
<i>Deferred tax</i>				
Origination and reversal of timing differences	68		155	
Changes to tax rates	17		60	
Adjustment in respect of prior periods	(5)		-	
Total deferred tax		80		215
Taxation on profit on ordinary activities		2,300		2,232

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

12 Taxation on profit on ordinary activities (*continued*)

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	12,637	11,734
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	2,527	2,376
Effects of:		
Fixed assets ineligible depreciation	47	21
Expenses not deductible for tax purposes	12	19
FRS 102 conversion adjustments	-	49
Pension contributions	7	91
Group relief claimed	(277)	(252)
Adjustments to tax charge in respect of previous periods	1	(22)
Amounts credited directly to other comprehensive income	(15)	(81)
Effect of different tax rates	(2)	31
Current tax charge for period	2,300	2,232

Factors that may affect future tax charges

A deferred tax asset has been recognised for capital allowances and short term timing differences (see note 21).

The Chancellor has announced a reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. This change became substantively enacted on 16 March 2016 and therefore the effect of the rate reductions has been reflected in the calculation of the deferred tax asset as it was substantively enacted prior to the balance sheet date.

13 Dividends

	2016 £'000	2015 £'000
Interim dividend of £16.50 (2015 - £18.82) per ordinary share paid during the year	1,650	1,882
Final dividend of £2.00 per ordinary share	200	-

The proposed final dividend has not been accrued for as the dividend was declared after the balance sheet date.

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

14 Intangible assets

	Goodwill £'000
<i>Cost</i>	
At 1 January 2016 and at 31 December 2016	60
<i>Amortisation</i>	
At 1 January 2016	30
Charge for the year	30
At 31 December 2016	60
<i>Net book value</i>	
At 31 December 2016	-
At 31 December 2015	30

15 Tangible fixed assets

	Investment property £'000	Land and buildings £'000	Plant, machinery and other assets £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2016	318	2,334	4,451	7,103
Additions	-	-	354	354
Disposals	-	-	(89)	(89)
At 31 December 2016	318	2,334	4,716	7,368
<i>Depreciation</i>				
At 1 January 2016	-	1,218	2,763	3,981
Provision for year	-	94	344	438
On disposals	-	-	(84)	(84)
At 31 December 2016	-	1,312	3,023	4,335
<i>Net book value</i>				
At 31 December 2016	318	1,022	1,693	3,033
At 31 December 2015	318	1,116	1,688	3,122

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

15 Tangible fixed assets (continued)

Included in land and buildings and investment property is freehold land at cost of £631,700 (2015 - £631,700) which is not depreciated.

At 31 December 2016, included within the net book value of land and buildings and investment property £992,411 (2015 - £1,008,739) related to freehold land and buildings and £349,745 (2015 - £427,012) related to short term leasehold land and buildings.

A full valuation of the investment property was carried out on 16 May 2014 by an independent, professionally qualified valuer. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. This valuation has been updated by the directors to 31 December 2015 and 31 December 2016 based on external available relevant property yields the directors are satisfied that there is not a significant difference between the fair value of the property in the accounts and the relevant market value. Details on the assumptions made and key sources of estimation uncertainty are given in note 2.

Freehold property is held as security by the bank on the bank loans and overdrafts included within creditors. Further details on the security held by the bank are given in note 20.

If the investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £'000	2015 £'000
Historic cost	862	862
Accumulated depreciation	(320)	(305)
	<u> </u>	<u> </u>

16 Investment in subsidiary undertakings

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Onform Reels Limited (dormant)	England	100%	Non trading
Hedsor Limited (dormant)	England	100%	Non trading
Beswick Paper Limited (dormant)	England	100%	Non trading

Premier Paper Group Limited hold 3 £1 holdings in Hedsor Limited, Onform Reels Limited and Beswick Paper Limited. The 3 subsidiaries disclosed above are dormant and have £Nil (2015 - £Nil) reserves.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

17 Stocks

	2016 £'000	2015 £'000
Finished goods and goods for resale	17,783	18,092

There is no material difference between the replacement cost of stocks and the amounts stated above.

The cost of inventories expensed in the period and included within cost of sales was £173,996,229 (2015 - £162,720,709). Impairment losses relating to damaged or obsolete inventories and included within cost of sales amounted to £98,193 (2015 - £274,370).

Stocks are held as security by the bank on the bank loans and overdrafts included within creditors. Further details on the security held by the bank are given in note 20.

18 Debtors

	2016 £'000	2015 £'000
Amounts receivable after more than one year		
Amounts owed by group undertakings	33,573	21,427
Deferred tax asset (note 21)	407	308
	33,980	21,735
Amounts receivable within one year		
Trade debtors	49,597	53,322
Other debtors	-	54
Prepayments and accrued income	1,300	833
	50,897	54,209
Total debtors	84,877	75,944

All amounts shown under amounts receivable within one year fall due for payment within one year except the deferred tax asset recognised in respect of the defined benefit pension scheme operated by the company. This will reverse over the life of the scheme and is subject to changes in valuations of the defined benefit obligation and plan assets.

The impairment loss recognised in the company profit or loss for the period in respect of bad and doubtful trade debtors was £466,341 (2015 - £457,817).

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

19 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loans and overdrafts	19,532	17,892
Trade creditors	23,503	24,016
Corporation tax	981	1,238
Other taxation and social security	4,645	5,081
Other creditors	1,348	1,436
	<u>50,009</u>	<u>49,663</u>

Details of security held by the bank in respect of bank loans and overdrafts are given in note 20.

20 Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Bank loans	15,000	15,527

Bank loans and overdrafts of £34,531,908 (2015 - £32,793,797) represents money advanced under an invoice discounting facility which is secured on trade debtors and a floating charge over other assets.

The mortgage brought forward from the prior year has been repaid in full during the year. Interest was charged on the loan at 2.4% per annum over the Bank's Sterling Base Rate.

The bank loans are secured over the freehold property, a debenture comprising fixed and floating charges over all the assets and undertaking of Premier Paper Group Limited and also a debenture comprising fixed and floating charges over all the assets and undertakings of its parent undertakings. The bank also holds an unlimited composite company guarantee given by its parent undertakings, G C Paper Limited and Premier Paper Group Limited to secure all liabilities of each other.

The maturity of sources of debt finance is as follows:

	2016 £'000	2015 £'000
<i>Amounts falling due within one year</i>		
Bank loans	19,532	17,892
<i>Amounts falling due 1 – 5 years</i>		
Bank loans	15,000	15,418
<i>Amounts falling due after more than 5 years</i>		
Bank loans	-	109
Total	<u>34,532</u>	<u>33,419</u>

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

21 Deferred taxation

	2016 £'000	2015 £'000
At beginning of year	308	604
Charged/(Credited) to other comprehensive income	210	(81)
Charged/(Credited) to profit and loss	(111)	(215)
	<hr/>	<hr/>
At 31 December 2016	407	308
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	2016 £'000	2015 £'000
Timing differences	392	222
Tax losses carried forward	-	-
Capital allowances	15	86
	<hr/>	<hr/>
At 31 December 2016	407	308
	<hr/>	<hr/>

22 Share capital

	2016 £'000	2015 £'000
<i>Allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

23 Retirement benefits

Defined contribution scheme

The group operates a defined contribution pension scheme, which is open to all employees. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £507,000 (2015 - £454,000).

There was £86,000 (2015 - £78,000) of contributions outstanding at the end of the year. There were no prepaid contributions at either the beginning or end of the financial year.

Defined Benefit Schemes

F J Beswick (Paper) Limited Pension & Life Assurance Scheme

This is a defined benefit scheme previously operated by Beswick Paper Limited. The scheme was closed to the future accrual of benefit in March 2003. Further contributions are being made to eliminate the deficiency by 2023.

Pension benefits depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 30 June 2016 and updated to 31 December 2016 by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

	2016 £'000	2015 £'000
<i>Change in benefit obligation</i>		
Benefit obligation at beginning of year	8,312	8,772
Interest cost	327	319
Actuarial gains/(losses) - financial assumptions	2,125	(503)
Benefits paid	(252)	(276)
	<hr/>	<hr/>
Benefit obligation at the end of year	10,512	8,312
	<hr/>	<hr/>

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

23 Retirement benefits (*continued*)

	2016 £'000	2015 £'000
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	10,512	8,312
	<hr/>	<hr/>
	2016 £'000	2015 £'000
<i>Change in plan assets</i>		
Fair value of plan assets at beginning of year	7,147	6,980
Interest income	282	258
Actuarial gains/(losses) - financial assumption	821	(55)
Employer contributions	285	240
Benefits paid	(252)	(276)
	<hr/>	<hr/>
Fair value of plan assets at end of year	8,283	7,147
	<hr/>	<hr/>
	2016 £'000	2015 £'000
<i>Reconciliation to balance sheet</i>		
Present value of funded obligations	(10,512)	(8,312)
Fair value of plan assets	8,283	7,147
	<hr/>	<hr/>
Net pension scheme liability	(2,229)	(1,165)
	<hr/>	<hr/>
	2016 £'000	2015 £'000
The amounts recognised in profit on ordinary activities are as follows:		
Net interest on defined benefit liability	41	61
	<hr/>	<hr/>
Net expense on pension scheme	41	61
	<hr/>	<hr/>

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

23 Retirement benefits (*continued*)

	2016 £'000	2015 £'000
The amounts recognised in other comprehensive income are as follows:		
Actual return less expected return on pension plan assets	821	(55)
Experience gains and losses arising on scheme liabilities	8	17
Changes in assumptions underlying the present value of the scheme liabilities	(2,133)	486
	<u>(1,304)</u>	<u>448</u>

Plan assets

Investments of the defined benefit schemes are diversified, such that failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets are invested in equities, although the schemes also invest in other assets including bonds and cash. The asset allocations at the year end were as follows:

	2016 £'000	2015 £'000
Composition of plan assets		
Equities	6,954	5,657
Corporate bonds	1,149	837
Fixed interest gilts	-	249
Index linked bonds	16	14
Property	12	51
Cash	152	339
	<u>8,283</u>	<u>7,147</u>
Fair value of plan assets at end of year		
	<u>8,283</u>	<u>7,147</u>

The overall expected rate of return on plan assets is based upon historical returns on investment performance adjusted to reflect expectations of future long-term returns by asset class.

Premier Paper Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

23 Retirement benefits (continued)

	2016	2015
<i>Principal actuarial assumptions used at the balance sheet date</i>		
Discount rates	2.60%	4.00%
Inflation assumption (RPI)	3.20%	2.80%
Inflation assumption (CPI)	2.20%	1.80%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.20%	1.80%
Allowance for pension payment increases of CPI or 5% p.a. if less, minimum 3% p.a.	3.00%	3.00%
	2016	2015
<i>Mortality assumptions</i>		
For a male aged 60 now	25.3	25.2
At 60 for a male member aged 40 now	27.1	27.1
For a female aged 60 now	27.2	27.0
At 60 for a female member aged 40 now	28.7	28.6

24 Commitments under operating leases

The total future value of minimum lease payments is due as follows:

	2016 £'000	2015 £'000
Not later than 1 year	3,563	3,537
Later than 1 year and not later than 5 years	6,592	7,157
Later than 5 years	837	1,015
	<hr/>	<hr/>
	10,992	11,709
	<hr/>	<hr/>

Premier Paper Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

25 Related party disclosures

Controlling parties

At 31 December 2016, the immediate parent undertaking was GC Paper Limited and the ultimate parent undertaking was RADMS Paper Limited, companies incorporated in the United Kingdom.

The parent undertaking of the smallest group for which consolidated accounts are prepared is ADMS Paper Limited. The parent undertaking of the largest group for which consolidated accounts are prepared is RADMS Paper Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the ultimate parent company and the ultimate controlling party.