

## Premier Paper Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 03672117



# Premier Paper Group Limited

## Company Information

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<b>Directors</b>	D Allen S Taylor M Imamura D Jones H Kashima
<b>Company secretary</b>	S Taylor
<b>Registered number</b>	03672117
<b>Registered office</b>	Premier House Midpoint Park Kingsbury Road Birmingham B76 1AF
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA
<b>Bankers</b>	Lloyds Bank PLC 125 Colmore Row Birmingham B3 3SF
<b>Solicitors</b>	Gateley PLC One Eleven Edmund Street Birmingham B3 2HJ

# Premier Paper Group Limited

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# Premier Paper Group Limited

## Strategic Report For the Year Ended 31 December 2019

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

The board of directors considers that the decisions they have made during the financial year and the way they have acted have promoted the success of the Company for the benefit of its members as a whole (having regard for the stakeholders and matters set out in s172(1) (a-f) of the Act).

### Business operating model

The principal activity of Premier Paper Group Limited (Premier Paper), the only trading company beneath its parent company RADMS Paper Limited (RADMS), is that of the distribution and merchandising of paper and related products.

The Company operates as a family of accountable business units bound together by a common purpose of providing world class product choice and a first class distribution service in the most cost efficient way. The Head Office, located in Birmingham, provides all the central support functions of Procurement, Supply Chain Management, Finance, Marketing and IT. The site is also home to the 'central hub' warehouse from which trunkers operate daily to take product to the company's 15 regional branches across the UK; each branch has its own sales function, warehouse and fleet from which to service its local customer base.

Supporting the branches are divisions specialising in Office Papers, Digital Papers, Envelopes, Board, Transit Packaging and Display Graphics. Each division is led by its own management team responsible for procurement and cross selling.

On 5 July 2019 RADMS was acquired by Japan Pulp and Paper Co., Ltd (JPP), ending its tenure as an independent company but securing its future as a key asset outside of JPP's home market. Thus Premier Paper, the second largest paper merchant in the UK, is now backed by the world's most profitable paper merchandising company, leaving it well positioned to benefit from the future consolidation of the UK merchant market and to bring a broader range of products to its customers as the company strengthens its value added offering.

### Strategic priorities

The directors support the business as a whole, setting direction of its growth strategy, allocation of capital and overseeing its cost efficiencies. The objective of the Company's strategic plan is to maintain its profitability through the key priorities of:

- Managing the structural decline of commodity products
- Accelerating the growth of value added initiatives
- Managing costs
- Minimising credit risk through robust credit control measures
- Investing in larger regional branches
- Investing in LEZ compliant commercial vehicles, and
- Providing best-in-class choice in all product areas

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Employees

The Company's ethos is to have an empowered environment where people take responsibility and make things happen in a commercially responsible way. It is also recognised that succession planning is a key priority and where possible the company seeks to promote from within its own ranks. To this end the Company is committed to helping its employees to develop their skills and training is offered at all levels of operations, be it MHE or HGV training, improving product knowledge or supporting staff through professional training such as CIMA and ACCA.

The directors engage with employees through regional sales meetings and central trading meetings and senior managers regularly take a slot at the Executive Committee to ensure effective flows of information. An annual sales conference is held where directors, managers and sales staff attend with several key suppliers.

The latest gender pay gap report on the Company's website ([www.paper.co.uk](http://www.paper.co.uk)) shows gender representation as male 86.7%, female 13.3%. As the Company is involved in the sale and distribution of paper products a large proportion of its workforce are males employed in manual roles within warehouse and distribution. The gender pay gap (mean) is 1.5%, significantly below the figure for organisations in the same sector and industry.

### Environment

The Company is aligned with the international conscience about sustainability. This has been demonstrated through:

- Bringing to market paper based alternatives to plastics
- Investing in fuel efficient commercial vehicles with reduced CO<sub>2</sub> and NO<sub>x</sub> emissions
- Introducing more hybrid cars into the fleet to reduce emissions
- Installing charging points at larger branches to encourage use of electric vehicles
- Installing LED lighting throughout Head Office and the larger regional warehouses
- Continuing the Carbon Capture initiative with The Woodland Trust

The Company was proud to be presented in the year with an award from the Woodland Trust marking £1m of donations! (<https://www.paper.co.uk/news-information/carbon-capture-hits-the-million-pound-milestone/>). Over 500 customers are signed up to the scheme and the Company has hosted several tree planting days in the year, planting thousands of trees in the process. To date the carbon capture programme has planted 240,000 native trees, created 150 hectares of new native British woodland and captured 60,000 tonnes of CO<sub>2</sub>.

### Non-financial information statement

The Company is committed to the highest standards of ethics, honesty and integrity and strives to be a sustainable business that is both commercially successful and socially and environmentally responsible. This commitment includes providing its employees with a safe and healthy working environment and having an organisational culture which promotes diversity, inclusivity, personal development and respect. Employees should enjoy coming to work and therefore the Company seeks to provide a workplace which is free from discrimination, harassment and victimisation. To this end the Company has policies and principles which ensure supportive environments for employees and people working in the supply chain. These policies, which can be found on the Company's website, include:

- Equality and Diversity Policy
- Health and Safety Policy
- Modern Slavery Statement
- Anti-Corruption and Anti-Bribery Policy
- Bullying and Harassment Policy

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

### Brexit

The continued delay in agreeing the nature and timing of the UK's exit from the European Union creates uncertainty that could impact the performance of the business. The potential impacts include:

- Costs being passed through from our suppliers
- Costs of import duties
- Tightening of the labour market, particularly in warehousing and distribution
- Additional regulatory responsibilities and costs

### Risk management

The principal risks and uncertainties facing the Company and the mitigating measures it is taking are summarised as follows:

- Structural market decline – this risk is pertinent to all paper merchants in the UK as the level of market demand falls and creates price pressure on margins. However the Company has several initiatives to grow value added areas of the business to mitigate the rate of decline in commodity volumes and has invested in specialists, new stocks, marketing collateral and larger warehouses to this end
- Brexit – as highlighted earlier in the report. Management have already taken appropriate steps to ensure customs clearance of goods post 2020
- Credit - 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

### Key performance indicators

	£000	% change
Revenue	226,420	(3)
Gross profit	44,379	(4)
Overheads	34,479	6
PBT	10,250	(28)

### Financial review

In a year where volumes were lower than prior year in every month of the year, a drop in revenue of 3% feels like a good result. Gross profit fell 4% because the improvement in product mix was masked by a significant reduction in stock profit compared to prior year.

Turnover of commodity products fell £13m in the year but was offset by £6m growth in turnover of value added products as the Company accelerated its organic growth programmes in Packaging and Display Graphics. This growth required significant investment in specialists and larger warehouses and this is reflected in the £1.9m growth in overheads:

• Payroll	£20.4m	+5%
• Property	£3.7m	+3%
• Other	£10.4m	+10%

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Financial review (continued)

The 5% increase in payroll costs is due to a pay review and investment in specialists in Packaging and Display Graphics. Despite the increase of 4 sales headcount in the year, payroll costs remains at 61% of total overheads.

The Company has expanded operations in the year at Dartford and Washington and will do so at Bristol in 2020. The £0.9m increase in other overheads includes £0.4m increase in marketing costs due primarily to the launch of the Display Graphics division in the year.

The Company recognises the effort of all its stakeholders in achieving its industry leading profitability, 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.

### Balance Sheet review

Capital expenditure remains tightly controlled however there was investment of £0.6m at the new Dartford branch which resulted in a net spend increase of £0.1m to £1.0m.

The Company generated free cash flow of £3.6m which was used to pay down debt to £32.6m.

The defined benefit pension liability reduced by £0.1m to £1.0m. The Company reached an agreement with the Trustee of the scheme with regards to the triennial actuarial valuation as at 30 June 2019. This resulted in a statutory deficit of £0.4m and is a £1.5m improvement on the previous position as 30 June 2016, primarily due to contributions of £0.9m and strong investment performance. The Company and Trustee have confirmed, in line with the current funding arrangement, that contributions of £0.3m p/a will continue to be made to 31 December 2022.

### The Board

The Board of Premier Paper is comprised of the following:

- Chairman Mitsutoshi Imamura, appointed 5 July 2019, also Executive VP at JPP
- Managing Director Dave Allen, appointed 14 December 2018
- Finance Director Simon Taylor, appointed 15 March 2016
- Director Hiroshi Kashima, appointed 5 July 2019, also Executive Officer at JPP
- Director Dave Jones, appointed 5 July 2019

The Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture and overseeing its conduct and affairs to create sustainable value for the benefit of the Company's members over the long term. It recognises that it has a wider duty to a broad community of stakeholders whose support is essential, and that the business has an impact on employees, customers, suppliers and the communities in which it operates. The Board discharges some of its responsibilities directly and others through its board committees (Executive Committee, Remuneration Committee and Audit Committee) and senior management. The Board agrees, and has collective responsibility for, the strategy of the Company which is outlined earlier in the Strategic Report. Throughout this strategic report, the board has described some of the key decisions that it has made during the year.

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### The Board (continued)

Execution of the strategy and day-to-day management of the Company's business is delegated to the Executive Committee, with the Board retaining responsibility for overseeing, guiding and holding management to account. The Board is also responsible for:

- Assessing, monitoring and promoting the Company's culture and ensuring that this closely aligns with its strategy
- Ensuring the necessary resources are in place for the business to meet its strategic objectives
- Establishing workplace policies and business practices that align with the Company's culture and values and support its strategy
- Overseeing the implementation of a robust controls framework to allow effective management of risk
- Effective succession planning for key senior positions

Whilst the above summarises the key areas of board responsibility it is not intended to be exhaustive.

The Executive Committee meets 10 times p/a and considers trading updates, finance (budget, cashflows, costs, KPIs), estate management, strategic initiatives for organic growth and potential targets for acquisition. At least one of the JPP Directors is present at each of the Executive Committee meetings.

The Directors of the Company act in good faith to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the:

- Likely consequences of any decision in the long term – the Directors do not commit the Company to any long term contracts that could restrict its ability to cut overheads in the event of a significant economic downturn. Property leases, for example, typically commit to a maximum term of 5 years. The commercial vehicle fleet, although largely leased, has a 20% owned element so that the fleet can be shrunk without financial penalty. Similarly, commercial relationships with suppliers operate as 'gentlemen's agreements' without any long term onerous commitments
- Interest of the Company's employees – the Directors reward employees through annual pay reviews, often at levels above inflation. Profit target driven commission and bonus schemes are aligned to the growth initiatives of the Company
- Need to foster the Company's business relationships with suppliers, customers and other stakeholders – the Directors meet regularly with its key stakeholders including suppliers, customers, bankers and insurers and in doing so foster relationships that are based upon open and honest dialogue
- Impact of the Company's operations on the community and the environment – the Directors are pleased to promote the Company's Carbon Capture programme in conjunction with The Woodland Trust
- Desirability of the Company maintaining a reputation for high standards of business conduct – the Directors employ advisors to ensure compliance with all laws, regulations and standards relevant to the Company's business operations

Engaging with the Company's stakeholders is fundamental to the way the company does business. The Company has over 450 employees, over 4,000 domestic customers and over 150 suppliers from all around the world, all of whom the Company engages with through a variety of means:

- Employees – intranet, circulars, transport bulletins, product 'pulse' emails, training
- Customers – website, product selectors, technical support, account reviews and tree planting days
- Suppliers – joint business reviews, attendance at sales conference, joint sales promotion and working capital initiatives
- Community – Carbon Capture programme with The Woodland Trust, sponsoring Breast Cancer Care events, etc



# Premier Paper Group Limited

Strategic Report (continued)  
For the Year Ended 31 December 2019

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## Going concern

2020 started in line with expectations with volumes shrinking by single digit % in January and February. The effects of Covid-19 then hit the business mid-March when the Government started the lockdown process and large swathes of the economy were effectively stopped overnight, including sectors such as hospitality and travel which use large volumes of printed material. However Premier Paper has benefitted from the demand for display materials, floor graphics and, more recently, welfare products. Nevertheless April and May have seen stock volumes c. 60% below prior year and the recovery to new norm may take several months.

Consequently management have undertaken both short term actions to offset the impact of Covid-19 as well as restructuring actions to ensure that the cost base of the business is in line with projected longer term demand. Short term actions include utilising government initiatives such as furlough and VAT deferral, and restructuring actions include the rationalisation of smaller logistics sites and the right sizing of vehicle fleets.

The business was refinanced at the start of April 2020 with Japanese bank MUFG providing £40m of uncovenanted funds, backed by a parent company guarantee provided by JPP. Lloyds have simultaneously reduced the cap on their invoice financing facility by £40m (from £70m to £30m), thereby the business has maintained the ability to borrow up to £70m across the two facilities. £25m was borrowed from MUFG on 1st April to pay down the £25m long term element of the Lloyds facility, thereby enabling the business to benefit from lower financing costs. Combined headroom remains over £40m therefore management are confident that there is more than sufficient cash to see the business through the Covid-19 downturn and will therefore continue to trade as a going concern.

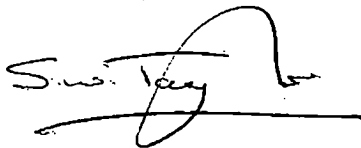
## Future developments

Premier Paper continues to be the UK's second largest paper merchant. The outlook for 2020 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.

Premier Paper also looks forward to leveraging the benefits of being part of the JPP Group in terms of access to both lower financing costs and to innovative globally sourced fibre based products as part of its drive to evolve its product mix to an increasing proportion of value added products.

This report was approved by the board on 08/07/2020

and signed on its behalf.



**S Taylor**  
Director

# Premier Paper Group Limited

## Directors' Report For the Year Ended 31 December 2019

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

### Results and dividends

The profit for the year, before taxation, amounted to £10,250,000 (2018 - £14,214,000). Information on likely future developments of the Company has been included in the strategic report on page 1.

Interim dividends of £Nil (2018 - £Nil) have been paid during the year. The directors propose a final dividend of £Nil (2018 - £Nil).

### Directors

The directors who served during the year were:

D Allen  
S Taylor  
C Candler (resigned 5 July 2019)  
G Griffiths (resigned 5 July 2019)  
M Imamura (appointed 5 July 2019)  
D Jones (appointed 5 July 2019)  
H Kashima (appointed 5 July 2019)

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

During the year, the Company made political contributions of £Nil (2018 - £Nil) and charitable donations totalling £19,512 (2018 - £20,376).

### 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.

# Premier Paper Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### 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 is determined solely by application of job criteria, personal ability and competence.

### 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.

### Disclosure of information to auditors

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

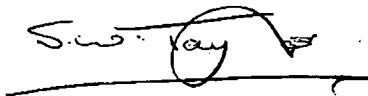
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

### Auditors

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

This report was approved by the board on 08/07/2020

and signed on its behalf.



**S Taylor**  
Director

## Premier Paper Group Limited

### Directors' Responsibilities Statement For the Year Ended 31 December 2019

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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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# Premier Paper Group Limited

## Independent Auditors' Report to the Members of Premier Paper Group Limited

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### Opinion

We have audited the financial statements of Premier Paper Group Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its 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.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

## Premier Paper Group Limited

### Independent Auditors' Report to the Members of Premier Paper Group Limited (continued)

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

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

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

#### 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 Directors' report.

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

- adequate accounting records have not been kept, 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.

#### Responsibilities of directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Premier Paper Group Limited

### Independent Auditors' Report to the Members of Premier Paper Group Limited (continued)

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#### Use of our report

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



**Jon Gilpin** (Senior Statutory Auditor)  
For and on behalf of **BDO LLP**, Statutory Auditor  
Birmingham  
United Kingdom

*8 July 2020*

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 2019

	Note	2019 £000	2018 £000
<b>Revenue</b>	4	<b>226,420</b>	233,458
Cost of sales		(182,041)	(187,008)
<b>Gross profit</b>		<b>44,379</b>	46,450
Distribution costs		(18,562)	(17,725)
Administrative expenses		(15,917)	(14,848)
Other operating income	5	60	60
<b>Operating profit</b>	6	<b>9,960</b>	13,937
Interest receivable	10	1,056	1,035
Interest payable and expenses	11	(738)	(731)
Other finance expense		(28)	(27)
<b>Profit before tax</b>		<b>10,250</b>	14,214
Tax on profit	12	(1,802)	(2,523)
<b>Profit for the financial year</b>		<b>8,448</b>	11,691
<b>Other comprehensive income for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme	22	(120)	(121)
Movement of deferred tax relating to pension deficit	20	20	21
<b>Other comprehensive income for the year</b>		<b>(100)</b>	(100)
<b>Total comprehensive income</b>		<b>8,348</b>	11,591

All amounts relate to continuing activities.

The notes on pages 16 to 35 form part of these financial statements.



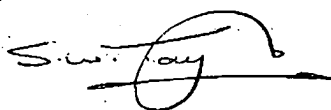
# Premier Paper Group Limited

Registered number:03672117

## Balance Sheet As at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed assets</b>					
Tangible assets	13		3,863		3,452
			<u>3,863</u>		<u>3,452</u>
<b>Current assets</b>					
Stocks	15	25,340		21,480	
Debtors: amounts falling due after more than one year	16	53,836		52,885	
Debtors: amounts falling due within one year	16	49,486		54,473	
Cash at bank and in hand		442		438	
		<u>129,104</u>		<u>129,276</u>	
Creditors: amounts falling due within one year	17	(63,475)		(46,472)	
<b>Net current assets</b>			<u>65,629</u>		<u>82,804</u>
<b>Total assets less current liabilities</b>			<u>69,492</u>		<u>86,256</u>
Creditors: amounts falling due after more than one year	18		-		(25,000)
<b>Provisions for liabilities</b>					
Deferred tax	20	(40)		-	
			<u>(40)</u>		<u>-</u>
Pension liability	22		(994)		(1,146)
<b>Net assets</b>			<u>68,458</u>		<u>60,110</u>
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss account			68,358		60,010
			<u>68,458</u>		<u>60,110</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 08/07/2020.



**S Taylor**  
Director

The notes on pages 16 to 35 form part of these financial statements.

## Premier Paper Group Limited

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	100	60,010	60,110
<b>Comprehensive income for the year</b>			
Profit for the year	-	8,448	8,448
Actuarial gains on defined benefit pension scheme	-	(120)	(120)
Movement of deferred tax relating to pension deficit	-	20	20
<b>Total comprehensive income for the year</b>	-	8,348	8,348
<b>At 31 December 2019</b>	<b>100</b>	<b>68,358</b>	<b>68,458</b>

### Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	100	48,419	48,519
<b>Comprehensive income for the year</b>			
Profit for the year	-	11,691	11,691
Actuarial gains on defined benefit pension scheme	-	(121)	(121)
Movement of deferred tax relating to pension deficit	-	21	21
<b>Total comprehensive income for the year</b>	-	11,591	11,591
<b>At 31 December 2018</b>	<b>100</b>	<b>60,010</b>	<b>60,110</b>

Capital and reserves comprise of:

*Share capital*

The nominal value of allotted and fully paid up ordinary share capital.

*Profit and loss account*

Cumulative net gains and losses recognised in the statement of comprehensive income.

The notes on pages 16 to 35 form part of these financial statements.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

Premier Paper Group Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Company Information 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.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of RADMS Paper Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

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.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

2020 started in line with expectations with volumes shrinking by single digit % in January and February. The effects of Covid-19 then hit the business mid-March when the Government started the lockdown process and large swathes of the economy were effectively stopped overnight, including sectors such as hospitality and travel which use large volumes of printed material. However Premier Paper has benefitted from the demand for display materials, floor graphics and, more recently, welfare products. Nevertheless April and May have seen stock volumes c. 60% below prior year and the recovery to new norm may take several months.

Consequently management have undertaken both short term actions to offset the impact of Covid-19 as well as restructuring actions to ensure that the cost base of the business is in line with projected longer term demand. Short term actions include utilising government initiatives such as furlough and VAT deferral, and restructuring actions include the rationalisation of smaller logistics sites and the right sizing of vehicle fleets.

The business was refinanced at the start of April 2020 with Japanese bank MUFG providing £40m of uncovenanted funds, backed by a parent company guarantee provided by JPP. Lloyds have simultaneously reduced the cap on their invoice financing facility by £40m (from £70m to £30m), thereby the business has maintained the ability to borrow up to £70m across the two facilities. £25m was borrowed from MUFG on 1st April to pay down the £25m long term element of the Lloyds facility, thereby enabling the business to benefit from lower financing costs. Combined headroom remains over £40m therefore management are confident that there is more than sufficient cash to see the business through the Covid-19 downturn and will therefore continue to trade as a going concern.

#### 2.4 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.

#### 2.5 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.

#### 2.6 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.

#### 2.7 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.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.8 Pensions

##### *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.

#### 2.9 Current and deferred taxation

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

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

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

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

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

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.10 Tangible fixed assets

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 basis:

Freehold property	- 2% straight line per annum
Plant and machinery	- 10% straight line per annum
Motor vehicles	- 14 - 20% 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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.12 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.

#### 2.13 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.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.14 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 group undertakings, and any subsequent impairment is recognised in profit or loss.

##### *Impairment of financial assets carried at amortised cost*

Impairment provisions are recognised when there is objective evidence that a financial asset or group 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.

#### 2.15 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 to the Financial Statements For the Year Ended 31 December 2019

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

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 15 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 16 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 to the Financial Statements For the Year Ended 31 December 2019

### 4. Revenue

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

### 5. Other operating income

	2019 £000	2018 £000
Rents receivable	60	60

### 6. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	544	490
Defined contribution pension cost	724	618
Operating lease rentals	3,937	3,984
(Profit) on disposal of tangible fixed assets	(4)	(1)

### 7. Auditors' remuneration

	2019 £000	2018 £000
Fees payable for the audit of the Company's annual financial statements	41	34

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, RADMS Paper Limited.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Employees

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

	2019 £000	2018 £000
Wages and salaries	16,760	16,307
Social security costs	1,803	1,725
Defined contribution pension costs	724	618
	<u>19,287</u>	<u>18,650</u>

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

	2019 No.	2018 No.
Sales	161	157
Administration	41	41
Warehouse and distribution	254	254
	<u>456</u>	<u>452</u>

In addition to the staff costs noted above, the Company also paid costs of £322,253 (2018 - £175,546) including legal costs in relation to redundancy payments for the staff and directors. This is included within administrative expenses.

### 9. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	465	403
Company contributions to defined contribution pension schemes	15	11
	<u>480</u>	<u>414</u>

During the year retirement benefits were accruing for 2 directors (2018 - 1) in respect of defined contribution pension schemes.

Emoluments of the highest paid director were £241,000 (2018 - £227,000). Pension contributions of £Nil (2018 - £Nil) were made to a money purchase scheme on his behalf.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Interest receivable

	2019 £000	2018 £000
On loans to group companies	1,056	1,035

### 11. Interest payable and similar charges

	2019 £000	2018 £000
On bank loans, overdrafts and other facilities	738	731

### 12. Taxation

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,631	2,434
Adjustments in respect of previous periods	(14)	(5)
	1,617	2,429
<b>Deferred tax</b>		
Origination and reversal of timing differences	170	94
Adjustments in respect of previous periods	15	-
<b>Taxation on profit on ordinary activities</b>	1,802	2,523

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 12. Taxation (continued)

#### Factors affecting tax charge for the year

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

	2019 £000	2018 £000
Profit on ordinary activities before tax	10,250	14,214
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,948	2,701
Effects of:		
Fixed assets ineligible depreciation	26	34
Expenses not deductible for tax purposes	48	31
Group relief claimed	(201)	(228)
Adjustments to tax charge in respect of prior periods	(14)	(5)
Effect of different tax rates	(5)	(10)
<b>Total tax charge for the year</b>	<b>1,802</b>	<b>2,523</b>

#### Factors that may affect future tax charges

A deferred tax asset has been recognised for capital allowances and short term timing differences (see note 20).

The Finance Act 2016, enacted on 15 September 2016, reduces the company's main rate of corporation tax to 17% for years commencing 1 April 2020. Deferred tax has been calculated at 17%.

Since the year end, on 17 March 2020, it has been announced that the tax rate will remain at 19%, however as this has not been substantively enacted no change in rate has been applied.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Tangible fixed assets

	Investment property £000	Land and buildings £000	Plant, machinery and other assets £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2019	318	2,439	5,856	8,613
Additions	-	99	860	959
Disposals	-	-	(29)	(29)
Adjustment	-	2	(4)	(2)
At 31 December 2019	318	2,540	6,683	9,541
<b>Depreciation</b>				
At 1 January 2019	-	1,442	3,719	5,161
Charge for the year on owned assets	-	36	508	544
Disposals	-	-	(23)	(23)
Adjustment	-	(2)	(2)	(4)
At 31 December 2019	-	1,476	4,202	5,678
<b>Net book value</b>				
At 31 December 2019	318	1,064	2,481	3,863
At 31 December 2018	318	997	2,137	3,452

Included in land and buildings and investment property is freehold land at cost of £631,700 (2018 - £631,700) which is not depreciated.

At 31 December 2019, included within the net book value of land and buildings and investment property £946,676 (2018 - £961,921) related to freehold land and buildings and £432,888 (2018 - £354,108) 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 2018 and 31 December 2019 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 3.

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 19.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Tangible fixed assets (continued)

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

	2019 £000	2018 £000
Historic cost	862	862
Accumulated depreciation	(365)	(350)

### 14. Fixed asset investments

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Nature of business	Proportion of voting rights and ordinary share capital held
Onform Reels Limited	England	Dormant	100%
Hedsor Limited	England	Dormant	100%
Beswick Paper Limited	England	Dormant	100%

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 (2018 - £Nil) reserves.

### 15. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	25,340	21,480

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 £179,160,619 (2018 - £184,508,854). Impairment losses relating to damaged or obsolete inventories and included within cost of sales amounted to £163,436 (2018 - £124,217).

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 19.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 16. Debtors

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	53,836	52,760
Deferred tax asset (note 20)	-	125
	<u>53,836</u>	<u>52,885</u>
<b>Due within one year</b>		
Trade debtors	47,847	52,868
Amounts owed by group undertakings	3	-
Prepayments and accrued income	1,636	1,605
	<u>49,486</u>	<u>54,473</u>

The deferred tax asset is 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 statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £610,447 (2018 - £315,195).

### 17. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank loans and overdrafts	32,586	11,141
Trade creditors	24,888	26,801
Corporation tax	231	1,229
Other taxation and social security	4,440	5,425
Other creditors and accruals	1,330	1,876
	<u>63,475</u>	<u>46,472</u>

Details of security held by the bank in respect of bank loans and overdrafts are given in note 19.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 18. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Bank loans	-	25,000

Details of security held by the bank in respect of bank loans and overdrafts are given in note 19.

### 19. Loans

Analysis of the maturity of loans is given below:

	2019 £000	2018 £000
<b>Amounts falling due within one year</b>		
Bank loans	32,586	11,141
<b>Amounts falling due 1-5 years</b>		
Bank loans	-	25,000
	<b>32,586</b>	<b>36,141</b>

Bank loans and overdrafts of £32,585,656 (2018 - £36,141,221) represents money advanced under an invoice discounting facility which is secured on trade debtors and a floating charge over other assets.

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, RADMS Paper Limited and Premier Paper Group Limited to secure all liabilities of each other.



# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 20. Deferred taxation

	2019 £000	2018 £000
At beginning of year	125	198
Charged to profit or loss	(185)	(94)
Credited to other comprehensive income	20	21
<b>At end of year (provision)/asset</b>	<b>(40)</b>	<b>125</b>

The deferred taxation balance is made up as follows:

	2019 £000	2018 £000
Timing differences	(40)	125

### 21. Share capital

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
100,000 (2018 - 100,000) Ordinary shares of £1.00 each	100	100

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 22. Pension commitments

#### *Defined contribution scheme*

The Company 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 £723,635 (2018 - £617,561).

There was £129,355 (2018 - £111,545) 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*

The Company operates a Defined Benefit Pension Scheme, named 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 2019 and updated to 31 December 2019 by a qualified independent actuary. Contributions to the scheme are made by the Company 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.

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities:		
At beginning of the year	9,752	10,607
Interest cost	273	250
Actuarial losses (gains)	1,256	(756)
Benefits paid	(352)	(349)
At the end of the year	10,929	9,752

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 22. Pension commitments (continued)

	2019 £000	2018 £000
Composition of plan liabilities:		
Schemes wholly or partly funded	<u>10,929</u>	<u>9,752</u>

	2019 £000	2018 £000
Reconciliation of fair value of plan assets:		
At the beginning of the year	8,606	9,309
Interest income	245	223
Actuarial gains (losses)	1,136	(877)
Employer contributions	300	300
Benefits paid	(352)	(349)
At the end of the year	<u>9,935</u>	<u>8,606</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 allocation at the year end was as below.

	2019 £000	2018 £000
Composition of plan assets:		
Equities	7,752	6,868
Corporate bonds	1,268	1,000
Fixed interest gilts	43	76
Index linked bonds	69	66
Property	109	105
Cash	694	491
Fair value of plan assets at end of year	<u>9,935</u>	<u>8,606</u>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 22. Pension commitments (continued)

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.

	2019 £000	2018 £000
Reconciliation to balance sheet:		
Present value of funded obligations	(10,929)	(9,752)
Fair value of plan assets	9,935	8,606
<b>Net pension scheme liability</b>	<b>(994)</b>	<b>(1,146)</b>

	2019 £000	2018 £000
Amounts included in other finance costs:		
Net interest cost	28	27

	2019 £000	2018 £000
Analysis of actuarial gain recognised in Other Comprehensive Income are as follows:		
Actual return less expected return on pension plan assets	1,136	(877)
Experience gains and losses arising on scheme liabilities	(244)	(28)
Changes in assumptions underlying the present value of the scheme liabilities	(1,012)	784
	<b>(120)</b>	<b>(121)</b>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 22. Pension commitments (continued)

Principal actuarial assumptions used at the balance sheet date:

	2019	2018
Discount rates	2.10%	2.85%
Inflation assumption (RPI)	2.85%	3.25%
Inflation assumption (CPI)	2.05%	2.25%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.05%	2.25%
Allowance for pension payment increases of CPI or 5% p.a. if less, minimum 3% p.a.	3.00%	3.00%
Mortality assumptions		
- For a male aged 60 now	24.7	24.9
- At 60 for a male member aged 40 now	26.7	26.1
- For a female aged 60 now	25.9	26.9
- At 60 for a female member aged 40 now	28.0	28.2

### 23. Commitments under operating leases

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

	2019 £000	2018 £000
Not later than 1 year	3,868	3,701
Later than 1 year and not later than 5 years	8,031	8,439
Later than 5 years	1,566	871
	<u>13,465</u>	<u>13,011</u>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 24. Post balance sheet events

Premier Paper Group Limited has declared an interim dividend for the year to 31 December 2020 of £5,000,000 in total to be paid on 1 January 2020 to RADMS Paper Limited, the Company's immediate parent undertaking.

Since 31 December 2019 to the date of signing these financial statements the outbreak of the Covid-19 pandemic has had a significant effect on the economy. The directors have considered the potential impact on the business in their assessment of going concern detailed in note 2.3. Whilst there are no direct indicators of the value of assets held by the company having fallen, the broad economic downturn and warnings of a severe recession does mean that asset values could have been impacted since the balance sheet date.

### 25. Controlling party

At 31 December 2019 the immediate parent undertaking was RADMS Paper Limited, a company incorporated in the United Kingdom. The smallest group for which consolidated accounts are prepared is RADMS Paper Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

The immediate parent undertaking and ultimate controlling party of RADMS Paper Limited is Japan Pulp and Paper Co., Ltd, a company incorporated in Japan.