ARJOWIGGINS

Arjo Wiggins Fine Papers Limited

Annual Report

for the Year Ended 31 December 2013

Registration number: 961440

Arjo Wiggins Fine Papers Limited

Contents

The directors present their strategic report for the year ended 31 December 2013.

Business review

Fair review of the business

In December 2013 the Casting business was sold to Favini Srl as the company focuses on its core strengths and markets. The sale includes a manufacturing and supply agreement such that the company will continue to supply Casting products to Favini on a contract manufacturer basis for at least five years. In addition, during the year the manufacturing facility at a sister company, Arjowiggins Ivybridge Limited, was closed and a lot of effort and expense were incurred by the company as products formally produced at the sister company (Security documents and bespoke Fine papers) were gradually transferred to the company's manufacturing facility in Stoneywood, Aberdeen.

In the main Fine papers business there have been no significant changes in the structure of the business or in the distribution channels used to get products to market. However, in April 2014 it was announced that the Arjowiggins group would consolidate its leadership in the creative papers segment by changing the division's business model and concentrating the bulk of its production at Stoneywood.

The Fine Papers business saw a small 2.1% decrease in overall volumes as well as some significant down trading due to the global economic situation and the increasing impact of electronic communication resulting in a 4.9% reduction in turnover. The relatively small Casting business saw a 3.9% increase in volume and its mix held up and profitability improved through non-manufacturing fixed cost savings.

Thus total sales volume in the year, compared to 2012, decreased by only 0.5% to 65,300 tonnes. Sales performance by market compared to 2012 were variable, with some countries experiencing falls of up to 6% while others showed improvements. Overall Europe was lower offset by increases in Latin America and in the Middle East. There were difficult conditions in Asia, Italy and Netherlands while some countries experienced growth (Switzerland, Spain and Portugal)

Reported turnover was virtually unchanged at £145.0m and the impact of exchange rates was not significant as the euro weakened but the US dollar strengthened against sterling. Total expenses for the year were £152.4m compared to £146.2m in 2012 (an increase of 4.3%) although this does include one-off operating costs associated with the transfer of products from Arjowiggins Ivybridge of nearly £2m. In addition there were continuing increases in input prices (particularly energy in the first quarter of the year). Within the operating expenses in 2013 there were £6.0m (2012: £5.8m) of pension deficit payments and pension scheme administration costs. Arjo Wiggins Fine Papers Limited is the principal employer for the Wiggins Teape Pension scheme and it was decided that for 2012 onwards this company will bear these costs rather than its parent company, The Wiggins Teape Group Limited.

The Company had net funds (being cash and group and other loans, receivable and payable) at the end of the year of £134.2m, up from £127.2m at the end of 2012, due mainly to the profit and cash arising from the sale of the Casting business at the end of the year. The Company continues to generate positive cash flow, which is channelled back to the ArjoWiggins Group. The Company paid no dividends (2012: nil) in the year.

Key performance indicators

The ArjoWiggins Group is managed on a worldwide basis by business. A significant proportion of products sold by the Company are purchased from other AW Group entities to complete the ranges offered to customers and to allow centralised invoicing and collection. As such the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Principal risks and uncertainties

A number of risk factors affect the Company's operating results and financial condition. The risks factors mentioned below are those material risk factors of which the Group's directors are aware. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing the Company.

General economic climate and customer demand for products

A downturn in the general economic climate may have an adverse impact on the Company's financial condition and results. The mature western European paper markets are already in gradual decline; the growing Asia Pacific paper markets are a key sensitivity to the Company if there was a financial shock in this part of the world.

Movement of manufacturing to other group company locations

The ArjoWiggins group has many manufacturing operations in many parts of the world. It is possible to transfer volume from one mill to another relatively easily, which could favorably or adversely affect the Company.

Technological advances

Printing technology is constantly evolving and therefore it is necessary to keep up to date with developments and ensure that paper produced will work with the different technologies. Over the years specific papers have been developed with specific characteristics to work with specific printing technology and this will continue in the future. The move to on-line working will also impact sales as this media can by-pass paper products entirely.

UK Pension scheme deficit.

The Company participates in a UK defined benefit scheme with other UK group companies. The Company accounts for the scheme as a defined contribution scheme as it is unable to identify its share of the underlying assets and liabilities of the scheme as allowed by FRS 17. The independent pension scheme trustees calculated a significant deficit for the UK scheme in the 2010 valuation that is not in line with the calculation of a surplus under FRS17 at the end of 2013. The 2010 valuation was finalised in September 2012 and a recovery plan was put in place. A new schedule of contributions relating to the 2010 valuation was signed in September 2013, details of which can be found in Note 20. In 2013 the Company paid a £4m (2012: £4m) deficit payment as specified by the schedule of contributions, plus £2.0m (2012: £1.9m) administration costs.

Approved by the Board on 28 April 2014 and signed on its behalf by:

....

M J Newell
Director

The directors present their report and the audited financial statements for the year ended 31 December 2013.

Directors of the company

The directors who held office during the year were as follows:

A P D Gourjon

J-B Laigle (appointed 22 February 2013)

J D Mitchell

C Mountford

M J Newell

S Kronfol (resigned 22 February 2013)

A P M Le Chatelier (resigned 12 April 2013)

Principal activity

The Company is engaged in the manufacture and distribution of paper and paper products.

Results and dividends

The audited financial statements for the year are set out on pages 9 to 27.

No dividends were paid during the year, and the directors recommend that no final dividend be declared for the year ended 31 December 2013 (2012: £nil).

Financial risk management

Price risk
The Company is exposed to commodity price risk as a result of its operations. The prices of pulp and energy are the most significant commodity prices affecting the Company. All pulp and energy purchases for the company are made through a central purchasing department, which constantly monitors pulp prices for the benefit of all group companies and monitors energy prices for all UK group companies.

Foreign exchange fluctuations
The Company trades in a number of foreign currencies and sells to over 80 countries around the world. The main risk is the exposure to the US dollar as the Company has very few costs in this currency. Sales denominated in Euros also exceed the Company's costs denominated in Euros. The transactional currency risk is minimised by taking out currency hedges with the ArjoWiggins group parent company for the main trading currencies, normally based upon the value of invoiced sales. However, a long-term decline in the value of the US dollar and/or Euro relative to the UK Pound would impact the Company's results to an extent.

Adequacy of funding facilities
The Company's exposure to liquidity risk is not significant, as the Company is cash generative; long-term and short-term finance to ensure that the Company has sufficient available funds for operations is provided by other group companies. However, a liquidity problem at the ArjoWiggins group level could impact the Company.

Credit risk
The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is regularly reviewed by the company's finance department. Comprehensive credit insurance is in place and the level of exposure above the insured level is reviewed on a monthly basis.

Interest risk
The Company has both interest bearing assets and interest bearing liabilities. Group assets earn interest at local base rates and group liabilities earn interest at local base rates plus a margin to cover Group financing costs. Other interest bearing assets include cash balances, all of which earn interest at money market rates.

Employment of disabled persons

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their aptitudes and abilities. Every effort is made to continue the employment of people who become disabled, including the provision of additional facilities and training where appropriate. Opportunities for career development and promotion are available to all employees.

Employee involvement

The Company seeks to ensure that all its businesses operate sound and progressive employment policies to the mutual benefit of employees and the Company.

The Company places considerable importance on consultation and communication with all employees. Managers are required to develop appropriate communication procedures to ensure that all employees are properly informed of developments within the businesses to which they belong.

Future developments

The Company's order book at the start of 2014 is similar in most areas compared to 2013. The manufacturing and supply agreement with Favini is operating satisfactorily but the business transferred from Arjowiggins Ivybridge Limited is a little slower than expected although there are now signs that the order book is increasing. Fine paper sales are steady and in line with the Budget. Input energy prices (especially the cost of gas) have reduced in comparison to 2013 and are expected to remain subdued through the year. Pulp and other raw material prices are also slightly lower than anticipated due to additional pulp supplies coming on stream and demand for paper products in China being lower than expected. Energy prices are unlikely to remain lower and will be affected by the concerns over the supply constraints in a world with increasing energy demand.

The decision to concentrate production in the UK manufacturing facility should help to allow the company to continue to generate positive cash flow even after including the pension deficit and administration payments.

Statement of directors' responsibilities

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

The directors have prepared the financial statements for each financial year. Under that law the directors have prepared the 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 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; and
- 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.

Declaration in relation to relevant audit information

Having made enquiries of fellow directors each of the directors confirms that:

(a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

An elective resolution has been passed to appoint PricewaterhouseCoopers LLP as auditors until such time as the Board decide otherwise.

Approved by the Board on 28 April 2014 and signed on its behalf by:

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M J Newell
Director

Independent Auditors' Report to the Members of Arjo Wiggins Fine Papers Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Arjo Wiggins Fine Papers Limited, comprise:

- the Balance Sheet as at 31 December 2013
- the Profit and Loss Account for the year then ended;
- the notes to the financial statements which include a summary of significant accounting policies and other expanatory information

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). In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistantly applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Simon O'Brien (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors

1 Embankment Place
London
WC2N 6RH

28 April 2014

Arjo Wiggins Fine Papers Limited
Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Turnover	2	144,961	144,811
Cost of sales		(117,097)	(110,955)
Gross profit		27,864	33,856
Distribution costs		(16,934)	(18,349)
Administrative expenses		(18,368)	(16,918)
Operating loss	3	(7,438)	(1,411)
Profit on disposal of fixed assets	4	1,975	50
Profit on sale of operations	4	2,410	-
Interest receivable and similar income	7	610	648
Interest payable and similar charges	8	(21)	(11)
Loss on ordinary activities before taxation		(2,464)	(724)
Tax on loss on ordinary activities	9	-	(154)
Loss for the financial year		(2,464)	(878)

Turnover and operating loss derive wholly from continuing operations.

The Company has no recognised gains or losses for 2013 or 2012 other than the results above.

Arjo Wiggins Fine Papers Limited
(Registration number: 961440)
Balance Sheet at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Intangible fixed assets	10	89	486
Tangible fixed assets	11	20,962	22,733
		21,051	23,219
Current assets			
Stocks	12	28,153	24,130
Debtors	13	159,865	143,263
Cash at bank and in hand		381	-
		188,399	167,393
Creditors: Amounts falling due within one year	14	(58,226)	(37,348)
Net current assets		130,173	130,045
Total assets less current liabilities		151,224	153,264
Provisions for liabilities	15	(1,142)	(718)
Net assets		150,082	152,546
Capital and reserves			
Called up share capital	17	25,010	25,010
Share premium account	18	50,298	50,298
Profit and loss account	18	74,774	77,238
Total shareholders' funds	19	150,082	152,546

Approved and authorised for issue by the Board on 28 April 2014 and signed on its behalf by:

....
M J Newell
Director

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Exemption from preparing a cash flow statement

The Company is a wholly-owned subsidiary of Sequana SA and is included in the consolidated financial statements of Sequana, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement as allowed by FRS 1 (revised 1996).

Turnover

Turnover for goods and services is recognised net of rebates and excluding value added and other sales taxes on completion and delivery of goods and services in accordance with the contract between the customer and the Company.

Intangible assets - emissions quota

Granted CO2 emissions allowances received free of charge are initially recognised at fair market value at the date of acquisition in accordance with the requirement of SSAP 4 "Accounting for Government Grants". A corresponding creditor is recorded in the Company's balance sheet. The asset and liability are then adjusted over the compliance period for both utilisation and any transfer to other Group companies of the emissions allowance. Any gains or losses on the transfer of emission allowance are recognised in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are valued at cost less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful economic lives by equal instalments. The principal useful economic lives applied in calculating depreciation are as follows:

Asset class	Depreciation method and rate
Freehold buildings	between 25 and 40 years
Plant and machinery	between 8 and 20 years
Vehicles	between 3 and 10 years
Office equipment	between 3 and 10 years

No depreciation is provided on freehold land or assets in the course of construction. Impairment write-downs of fixed assets are determined by the higher of net realisable value or value in use.
Leasehold properties are depreciated as for freehold properties, or over the period of the lease if less.

Research and development

All research and development expenditure is charged to the profit and loss account as incurred.

Stocks, work in progress and long-term contracts

Stocks are valued at the lower of cost, including attributable overheads, and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at average tax rates that are expected to apply in periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the related forward contract rate. All monetary assets and liabilities expressed in foreign currencies not covered by forward contracts are retranslated into sterling at rates of exchange ruling at the end of the financial year. Differences between the translated trading transactions and subsequent cash settlements, or retranslated balances, are taken to the profit and loss account.

Hire purchase and leasing

Rentals payable under operating leases are charged to the profit and loss account over the term of the lease.

Share based payments

The ultimate parent company, Sequana, operates an equity-settled share award scheme. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense in the Group consolidated financial statements. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted. There is no significant participation in this scheme by UK employees and no material charge arises in these financial statements in respect of this plan and, as a result, no further disclosures are presented.

Pensions

Until 31st October 2010 all the Company's employees were members of the Wiggins Teape Pension Scheme ("WTPS"), which covered practically all of the UK employees of the companies within the former Arjo Wiggins Appleton Group. The WTPS was closed to all new and existing employees of the company on 31 October 2010. The Company remains a participating employer of the WTPS.

Since November 2010 the Company's employees have been employed by Arjo Wiggins Services Limited ("AWSL") and seconded to the Company. AWSL makes pension contributions at the rate of 12% to the Antalis Pension Scheme ("APS") as a participating employer and then recharges these costs to the Company.

Whilst the WTPS and APS are defined benefit schemes, the Company is unable to identify its share of the underlying assets and liabilities of either scheme, and the Company accounts for the schemes as defined contribution schemes, as required by FRS 17 'Retirement benefits'.

2 Turnover

An analysis of turnover by geographical location is given below:

	2013 £ 000	2012 £ 000
Sales - UK	19,651	21,682
Sales - Europe	71,426	70,044
Sales - Rest of world	53,884	53,085
	144,961	144,811

All sales by the Company originate from the United Kingdom and are from the manufacture and distribution of paper products.

3 Operating (loss) / profit

Operating profit is stated after charging:

	2013 £ 000	2012 £ 000
Operating leases - plant and machinery	603	560
Operating leases - other assets	517	618
Foreign currency losses/(gains)	638	(758)
Depreciation of owned assets	3,667	4,047
Exceptional administrative expenses	2,884	853
Auditor's remuneration - company audit fee	95	95
Auditors' remuneration - other services	8	28

The exceptional administrative costs in 2013 were principally related to the cost of transferring production from a fellow group subsidiary to Stoneywood mill, redundancy costs and the cost of advice on the UK pension arrangements. In 2012 the costs related to reorganisation of the business and an onerous lease.

4 Profit on sale of assets and operations

On 19 December 2013 the Company sold its Casting Paper commercial business to a third party for total consideration of £22,000,000. The company also signed an exclusive long term agreement whereby it will supply the third party with certain minimum quantities of base and coated paper for a minimum period of 5 years.

£2,500,000 of the consideration was allocated in the agreement to the sale of certain production fixed assets, which at the time of the sale had a net book value of £525,000, realising a gain on disposal of £1,975,000.

A further £16,085,000 of the consideration has been deferred to be recognised in proportion to the sale of paper to the third party over the next 5 years.

The remaining consideration of £3,415,000 has been recognised in 2013 and after taking into account related costs has resulted in a gain on disposal of £2,410,000.

In 2012 the Company made a profit of £50,000 on the sale of surplus land at Stoneywood paper mill.

5 Particulars of employees

The monthly average number of persons who are employed by a fellow group company, Arjo Wiggins Services Limited, (excluding non-executive directors) but whose costs are recharged to the company during the year, was:

	2013 No.	2012 No.
Administration and support	113	113
Production	339	325
Sales, marketing and distribution	20	22
	472	460

The aggregate payroll costs were as follows:

	2013 £ 000	2012 £ 000
Wages and salaries	16,918	16,084
Social security costs	1,797	1,681
Other pension costs - annual employer contributions	3,936	3,822
Other pension costs - deficit funding costs	4,000	4,000
	26,651	25,587

The above payroll costs do not include 56 employees (2012: 59) seconded from fellow Sequana group subsidiaries at a cost of £5,523,000. (2012: £5,508,000).

In 2013 the Company made a deficit payment totalling £4.0m (2012: £4.0m) and a contribution towards expenses of £2.0m (2012: £1.9m) to the Wiggins Teape Pension Scheme (see note 20.1). The contribution towards expenses is included in the annual employer contributions total in the table.

6 Directors' remuneration

All the directors are employed as managers by companies in the Sequana group of companies. The emoluments and benefits the directors receive from the group are attributed wholly to their employment as managers. None of the directors has a contract of service or for services as a director or receives any separately identified emoluments or benefits of any kind in respect of their services as directors of the Company, or as directors of any other company in the group (2012: Nil). The emoluments and benefits received by the directors in their employment as managers of the Company are disclosed below:

	2013 £ 000	2012 £ 000
Remuneration	198	198
Company contributions paid to money purchase schemes	29	6

During the year the number of directors who were receiving benefits was as follows:

	2013 No.	2012 No.
Accruing benefits under defined benefit pension scheme	-	2
Accruing benefits under money purchase pension scheme	2	2

7 Interest receivable and similar income

	2013 £ 000	2012 £ 000
Interest receivable from fellow Group undertakings	610	648

8 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest on bank borrowings	-	2
Interest on loans from Group undertakings	21	9
	21	11

9 Tax on loss on ordinary activities

	2013 £ 000	2012 £ 000
Current tax		
UK Corporation tax charge at 23.25% (2012: 24.5%)	-	1,057
Group relief surrendered from other group undertakings for no consideration	-	(1,057)
Tax on profit on ordinary activities	-	-
Deferred tax		
Deferred tax charge	-	154
Total tax on loss on ordinary activities	-	154

Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the year is higher than (2012 - higher than) the average rate of corporation tax in the UK of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Loss on ordinary activities before taxation	(2,464)	(724)
Loss on ordinary activities before taxation multiplied by the average rate of UK corporation tax of 23.25% (2012: 24.5%).	(573)	(177)
Accelerated capital allowances and other short timing differences	4,198	950
Corporation tax relief due on the Company's share of a £3.0m (2012: £2.0m) payment made to the Antalis Pension Scheme/ Wiggins Teape Pension Scheme by a fellow company	(286)	(187)
Corporation tax relief due to the £4.0m payment to the Wiggins Teape Pension Scheme allocated to fellow group companies	317	380
Profit on sale of land not taxable due to capital gains tax reliefs	-	(12)
Expenses not deductible for UK corporation tax	187	103
Losses carried forward with no deferred tax asset recogniised	507	-
Profit on sale of operations not taxable due to capital gains tax relief	(4,350)	-
Group relief claimed from other group undertakings	-	(1,057)
Total current tax	-	-

Factors that may affect future tax charges

The standard rate of UK corporation tax changed from 24% to 23% on 1 April 2013 and will change to 21% on 1 April 2014 and to 20% on 1 April 2015.

Deferred Tax

Unrecognised deferred tax balances at 31 December 2013 have been calculated using a rate of 20% as this was the rate enacted in law at the balance sheet date for the period after 1 April 2014.

10 Intangible fixed assets

	CO2 emissions quota £ 000
Cost	
At 1 January 2013	486
CO2 emissions quota consumption	(397)
At 31 December 2013	89

11 Tangible fixed assets

	Land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 January 2013	4,318	113,880	118,198
Additions	-	2,658	2,658
Disposals	-	(4,152)	(4,152)
At 31 December 2013	4,318	112,386	116,704
Accumulated depreciation			
At 1 January 2013	1,903	93,562	95,465
Charge for the year	140	3,527	3,667
Disposals	-	(3,390)	(3,390)
At 31 December 2013	2,043	93,699	95,742
Net book value			
At 31 December 2013	2,275	18,687	20,962
At 31 December 2012	2,415	20,318	22,733

12 Stocks

	2013 £ 000	2012 £ 000
Raw materials and consumables	4,587	4,116
Work in progress	2,014	2,183
Finished goods	21,552	17,831
	28,153	24,130

13 Debtors

	2013 £ 000	2012 £ 000
Trade debtors	4,857	4,344
Amounts owed by Group undertakings	9,614	6,174
Interest bearing loans to group undertakings	137,378	129,708
Other debtors	7,234	2,201
Prepayments and accrued income	782	836
	159,865	143,263

Amounts owed by Group undertakings are non-interest bearing trading balances.

The interest rate on the Group interest-bearing loans are calculated at the UK base rate or at a margin on the LIBOR rate. All loans are repayable on demand.

Included in other debtors is £5,000,000 of consideration to be received for the sale of the Company's Casting Paper business (see note 4).

The Company has provided security, in the form of the amounts owed by fellow group undertakings, to third parties in respect of loans provided to an intermediate parent company, ArjoWiggins SAS.

14 Creditors: Amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade creditors	16,137	13,029
Amounts owed to group undertakings	14,270	13,644
Bank loans and overdrafts	-	48
Loans from Group undertakings	3,564	2,486
Taxation and social security	207	208
Other creditors	1,246	910
Accruals and deferred income	22,802	7,023
	58,226	37,348

The loans from Group undertakings are unsecured and do not have a fixed repayment date. The loans bears interest at the LIBOR rate.

Included within Other creditors is £172,000 (2012: £349,000) relating to the emissions quota shown in Intangible assets in note 11.

Included in accruals and deferred income is £16,216,000 of deferred consideration in relation to the sale of the Company's Casting Paper business (see note 4).

15 Provisions for liabilities

	Disputes provision £ 000	Restructuring provision £ 000	Total £ 000
At 1 January 2013	288	430	718
Charged to the profit and loss account	135	667	802
Utilised during the year	-	(378)	(378)
	135	289	424
At 31 December 2013	423	719	1,142

The provision for disputes relates to customer complaints that are expected to be settled within twelve months.

The restructuring provision relates to the onerous lease costs for a surplus property and other property dilapidation costs.

16 Deferred tax asset

At 31 December 2013, the Company had an unrecognised deferred tax asset of £12,364,000 (2012: £9,551,000) being mainly accelerated capital allowances. With the current level of uncertainty of trading conditions in the UK market and the possibility of group losses being surrendered to the company for no consideration for the foreseeable future, the timing of recovery of the asset is not sufficiently clear to justify the recognition of this amount.

17 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1.00 each (2011: £1.00)	25,010	25,010	25,010	25,010

18 Reserves

	Share premium account £ 000	Profit and loss account £ 000
At 1 January 2013	50,298	77,238
Loss for the financial year	-	(2,464)
At 31 December 2013	50,298	74,774

19 Reconciliation of movement in shareholders' funds

	2013 £ 000	2012 £ 000
Loss for the financial year	(2,464)	(878)
Net reduction to shareholders' funds	(2,464)	(878)
Shareholders' funds at 1 January	152,546	153,424
Shareholders' funds at 31 December	150,082	152,546

20 Pension schemes

20.1 Defined benefits - Wiggins Teape Pension Scheme

The Company participates in a defined benefit pension scheme, known as "The Wiggins Teape Pension Scheme" or WTPS. The Company is unable to identify its share of the underlying assets and liabilities of the WTPS and accordingly accounts for the scheme as a defined contribution scheme as required by FRS 17 "Retirement Benefits". The assets of the WTPS are held in a separate trustee-administered fund and are valued regularly by the independent professionally qualified actuaries Aon Hewitt Limited.

The principal assumptions used to calculate the technical provisions include a term structure basis using the gross annualised redemption yield on UK government fixed interest gilts, appropriate to the date of each of the scheme's expected future cash flows as advised by the scheme actuary. Details of the 2010 valuation are shown in the table below including the main assumptions over 5 and 20 years.

The market value of the assets and liabilities shown as at 31 December 2010 are after allowing for the transfer of active members to the Antalis Pension Scheme ("APS") (see note 1 to the financial statements and note 20.2 below), which took place on 1 November 2010, although the actual transfer of assets to the APS did not take place until January and February 2011.

Method of valuation:	Projected unit credit
Date of most recent actuarial valuation:	31 December 2010
Market value of scheme assets at date of valuation:	£ 478.2m
Market value of liability of accrued benefit at date of valuation:	£ 566.2m
Net deficit in scheme	(£ 88.0m)
Assumed annual rate of:	
Inflation - 5 years / 20 years	2.55% / 3.76%
Return on investments in active service - 5 years / 20 years	n/a
Return on investments after leaving service - 5 years / 20 years	4.59% / 5.44%
Return on investments after retirement service - 5 years / 20 years	2.54% / 4.52%
Increase in pensionable remuneration - 5 years / 20 years	n/a
Increases in pensions in payment - 5 years / 20 years	2.59% / 3.77%
Long term funding rate	n/a

The WTPS closed to future accrual on the 31 October 2010 with all active members being offered membership of the Antalis Pension Scheme (APS). No pension contributions have been paid to the WTPS in 2011, 2012 or 2013, although deficit payments will still be required based on future schedules of contributions.
The Company made a deficit payment totalling £4.0m to the WTPS (2012: £4.0m) in accordance with the schedule of contributions dated 26 September 2012.

A new schedule of contributions relating to the 2010 valuation was signed on 25 September 2013 requiring the company and fellow group companies to pay the following amounts:

Year	Contribution (£m)
1 October 2012 (paid)	4.000
2 April 2013 (paid)	4.000
2014 (per month on the 2nd day of each month)	0.684
2015 (per month on the 2nd day of each month)	0.884
2016 (per month on the 2nd day of each month)	0.909
2017 (per month on the 2nd day of each month)	0.934
2018 (per month on the 2nd day of each month)	0.959
2019 (per month on the 2nd day of each month)	1.000

The schedule of contributions also requires the companies covered by the schedule to pay the administration expenses of the WTPS based on a budget set by the trustees each year. For 2013 the expenses were set at £2.0m and have been paid by the Company. For 2014 the trustees' budget for administration costs has been set at £1.9m.

It is expected that the Company will continue to pay any deficit contributions due and the administrative expenses of the WTPS for the foreseeable future.

The Company along with other group companies in the Sequana group have agreed to provide the WTPS trustees with security against the risk of the participating employers failing to pay agreed contributions. The guarantee is equal to the lower of 113% of the funds buy-out deficit, as estimated at 31 December each year, or £164.0m.
For FRS 17 disclosure purposes, an actuarial valuation of the WTPS scheme has been performed by the independent professionally qualified actuary, Towers Watson. The fair value of the scheme's assets and the net present value of the liabilities as at 31 December 2013 and the main assumptions in the calculation were:

	Value at 31 December 2013 £m	Value at 31 December 2012 £m
Equities	**130.2**	134.2
Government bonds	**379.2**	359.2
Corporate bonds	**45.3**	43.3
Cash and other assets	**11.3**	22.3
Fair value of assets	**566.0**	559.0
Net present value of liabilities	**(506.8)**	(487.1)
Net surplus before deferred tax impact	**59.2**	71.9
Surplus not recognised	**(59.2)**	(71.9)
	-	-

In accordance with FRS 17 the pension surplus at 31 December 2013 and 2012 would not be recognised by the UK participating companies if their share of assets were able to be identified as the Trustees and the companies have not agreed any monies to be paid from the pension scheme to the companies at a future date, which would be required under the pension scheme rules.

	31 December 2013	31 December 2012
Discount rate	**4.50%**	4.25%
Inflation	**3.30%**	2.70%
Salary increases	**-**	-
Pension increases in payment	**3.10%**	2.60%
Pension increases in deferment	**3.30%**	2.70%
Expected return on assets - equities	**6.30%**	6.40%
Expected return on assets - government bonds	**2.50%**	2.63%
Expected return on assets - corporate bonds	**4.50%**	4.25%
Expected return on assets - other	**2.90%**	2.20%

The mortality table is the standard SAPS 'all pensioners' table published by the Continuous Mortality Investigations (CMI) Bureau of the Institute and Faculty of Actuaries, subject to a scaling factor of 100% for males and 110% for females. An allowance for future improvements has been made in line with CMI's Core Projection model with a long term improvement of 1% per annum for both males and females.

20.2 Defined benefits - Antalis Pension Scheme

Arjo Wiggins Services Limited ("AWSL") continues to make contributions at the rate of 12% to the Antalis Pension Scheme (APS) and recharges these costs to the Company. AWSL is a participating employer of the APS. Contributions paid to the APS in the year amounted to £1,520,000 (2012: £1,520,000).
For FRS 17 disclosure purposes, an actuarial valuation of the APS scheme has been performed by the independent professionally qualified actuary, Towers Watson. The fair value of the scheme's assets and the net present value of the liabilities for Arjo Wiggins UK participating companies, including the Company, as at 31 December 2013 and the main assumptions in the calculation were:

Arjo Wiggins share of Antalis Pension Scheme	**Value at 31 December 2013 £m**	Value at 31 December 2012 £m
Equities	**56.0**	53.8
Corporate bonds	**24.7**	25.1
Government bonds	**7.3**	-
Property	**12.0**	10.8
Fair value of assets	**100.0**	89.7
Net present value of liabilities	**(91.5)**	(88.4)
Net surplus before deferred tax impact	**8.5**	1.3

	31 December 2013	31 December 2012
Discount rate	**4.50%**	4.60%
Inflation pre 1 January 2013 - RPI	**3.30%**	3.10%
Inflation post 1 January 2013 - CPI	**2.50%**	-
Salary increases	**3.40%**	4.10%
Pension increases in payment accrued before 1 January 2013	**3.10%**	2.90%
Pension increases in payment accrued after 1 January 2013	**1.80%**	-
Pension increases in deferment accrued before 1 January 2013	**3.40%**	3.10%
Pension increases in deferment accrued after 1 January 2013	**2.50%**	-
Expected return on assets - equities	**6.40%**	6.80%
Expected return on assets - corporate bonds	**4.50%**	4.60%
Expected return on assets - government bonds	**2.60%**	-
Expected return on assets - property	**5.50%**	5.90%

The mortality table is the standard SAPS 'all pensioners' table published by the Continuous Mortality Investigations (CMI) Bureau of the Institute and Faculty of Actuaries, subject to a scaling factor of 100% for males and 110% for females. An allowance for future improvements has been made in line with CMI's Core Projection model with a long term improvement of 1% per annum for both males and females.

Fellow companies in the Sequana group have agreed to provide the APS trustees with security against the risk of the participating employers failing to pay agreed contributions. The guarantee is equal to 113% of the funds buy-out deficit, as estimated at 31 December each year, subject to a maximum liability of £36.0m.

20.3 Defined contributions

In addition, the Company participates in a defined contribution pension plan called the Wiggins Teape Defined Contribution Pension Plan (the 'DC plan'). The DC plan has been set up with Friends Life under stakeholder legislation. In 2013 the DC plan became a Group Personal Pension to obtain improved terms and prepare for auto-enrolment. The Company contribution in 2013 was 12.2% for all employees who elected to join the DC plan in respect of Company contributions, rather than accrue benefits in the APS. It is expected that the Company contribution for 2014 onwards will be 12.2 %. The 12.2 % contribution includes a payment to provide life cover for members of the DC plan. Contributions paid to the DC plan in the year amounted to £472,000 (2012: £315,000).
In addition the Company contributed £10,000 (2012: £11,000) towards the defined contribution pension costs of certain overseas employees.

21 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £425,895 (2012 - £66,000).

Operating lease commitments

As at 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2013 £ 000	2012 £ 000
Land and buildings		
Within one year	175	-
Within two and five years	102	571
	277	571
Other		
Within one year	19	4
Within two and five years	55	99
	74	103

Other commitments

At 31 December 2013, the company had entered into forward contracts relating to the purchase and sale of foreign currencies amounting to the equivalent of approximately £5.4m (2012: £17.1m). The unrealised gain on these contracts at the balance sheet date was £103,000 (2012: £212,000 gain).

22 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group.

23 Control

The immediate parent undertaking is The Wiggins Teape Group Limited, a company registered in Great Britain.
The ultimate parent undertaking and controlling party is Sequana SA, a company registered in France, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements of that company can be obtained from the Secretary, at the following address:

19 avenue Montaigne
75008 Paris.