

Registration number: 1088345

Antalis Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2015

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Antalis Limited

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Antalis Limited

Company Information

Directors	J H Arrowsmith
	A J P Christian
	A P D Gourjon
	X G U Roy-Contancin
	S G McCue
	D Hunter
	B Munro
Company secretary	Abagado Nominees Limited
Registered office	100 New Bridge Street London EC4V 6JA
Independent Auditors	PricewaterhouseCoopers LLP Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes MK9 2DF

Antalis Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Principal activity

The principal activity of the Company is a distributor of paper, packaging and visual communication products operating in the UK, Europe and the Far East. The business buys in bulk and delivers smaller quantities to its customers based around the UK, and direct to customers based in Europe and the Far East.

Fair review of the business

As part of a continuing restructuring programme, the Company incurred one-off costs of £1,514k (2014: £4,039k).

In April 2015, the Company's main competitor, PaperlinX, went into administration. As a result, the Company has seen an increase in business during the period shortly afterwards.

During the year, the Company disposed of its Belvedere site for a total proceeds of £7,194k, generating a profit on disposal of £567k (see note 4 and 11).

In March 2015, Antalis International SA completed a refinancing exercise with ABN Amro Bank Plc, which allows the group to borrow funds secured against group debtors, which includes the debtors of Antalis Limited. The first drawdown took place on 26th March 2015. At this time, the current arrangement with the consortium banks ceased, and borrowings were repaid (see note 14).

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2015	2014
Turnover	£000	520,009	520,173
Gross profit	£000	99,816	93,571
Gross margin %	%	19	18
Net profit	£000	8,074	1,846
Net current assets	£000	40,549	38,469
Net assets	£000	73,314	66,520

The business is straightforward, so only a few simple KPIs are relevant. The Directors closely monitor on a daily basis the Company's actual performance to budget (and during the year to any re-forecasts undertaken) for both revenue and gross margin. These comparisons are performed in terms of tonnage of paper sold and revenue. The tonnage of paper sold increased in 2015 from the previous year by around 7.1% (2014: increase of 10.9%).

Despite intense competition on margins, gross margin percentage has improved during the year at 19.2% (2014: 18.0%), as the Company worked hard to offer differentiated levels of service and a full range of products. Bad debts as a percentage of sales decreased to 0.22% of turnover (2014: 0.35% of turnover), remaining well below the market average.

The Company continues to trade profitably and net current assets have improved year on year, as shown above. Net assets of the Company have improved during 2015 by £6,794k and the Company has positive cash flow. The Company continues to be a large contributor to the overall profitability and cash flows of Antalis International SA.

Antalis Limited

Strategic Report for the Year Ended 31 December 2015 (continued)

Principal risks and uncertainties

The Company is open to bad debt risk, thus its policy is to acquire insurance cover and ensure that no single uninsured debtor exceeds 3% of total debts.

The Company has two central distribution centres in the UK, together with a number of smaller regional centres. There is a high business interruption risk were these facilities to become unavailable. To mitigate this, the Company works closely with its insurers to minimise risks from fire and other sources. Clear disaster recovery plans exist in all areas of the Company. All stock remains the property of the Company, whilst at these centres.

Financial Risks

The management of the business and the execution of the Company's strategy are subject to a number of risks:

Foreign currency risk

The Company trades almost exclusively in sterling, but does have a growing trade in US dollars and Euro's, which is matched as far as possible against purchases in the same currency, thus is not open to significant currency fluctuation risk.

Interest rate risk

All borrowings are through ABN Amro Bank Plc, and surplus funds are pooled through the group treasury department, based in Paris, which operates a base rate plus system, so the Company is exposed to interest rate volatility but this is managed at group level.

Liquidity risk

The Company has sufficient available funds for operations and planned activities. Funding comes from the cash flow it generates from customer contracts and central group treasury cash pooling.

Credit risk

The Company is open to bad debt risk, thus its policy is to acquire insurance cover and ensure that no single debtor exceeds 3% of total debts.

Antalis Limited


Strategic Report for the Year Ended 31 December 2015 (continued)

Future developments

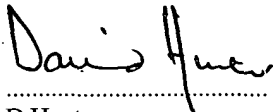
In terms of levels of service, the Company holds a range of approximately 13,000 product lines in stock, with same day and next day delivery service to most parts of the UK. It provides a full range of services to the paper trade including guillotining, technical advice and sales data provision. During the year, the Company continues to expand in the packaging markets, with the acquisition of three packaging entities during the year, which all continue to trade very well post acquisition.

During 2016, there will be continuing focus on the packaging and visual communication markets, renewed focus on core paper markets, and continued growth in internet sales.

These financial statements were approved by the Board on 30 June 2016 and signed on its behalf by:



S G McCue
Director



D Hunter
Director

Antalis Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Directors of the Company

The Directors who held office during the year and up to the date of signing these financial statements were as follows:

J H Arrowsmith

A J P Christian

A P D Gourjon

X G U Roy-Contancin

S G McCue

D Hunter

B Munro

Dividend

The Directors' do not recommend payment of a dividend.

Future developments

The future developments for the Company are discussed in the strategic report on page 4.

Financial risk management

The financial risk management of the Company are discussed in the strategic report on page 3.

Change in accounting policies

During the year, the Directors have decided to adopt Financial Reporting Standard 102, which is a change in accounting policy.

This change has affected the disclosure and measurement of the Company's four defined benefit pension schemes (see note 20). The main change is the recognition of the expected return of each scheme within the Statement of Other Comprehensive Income, rather than the Profit and Loss, and the introduction of interest income recognised on scheme assets, which is taken to the Profit and Loss. As a result, prior year comparatives have been restated, resulting in a reduction of the profit recognised in 2014 by £1,717k. Also, the rules around restriction of scheme surpluses on the balance sheet have changed under FRS 102. As a result, the restriction recognised in 2014 on the APS Pension Scheme of £2,492k through the Statement of Recognised Gains and Losses has been reversed, as under FRS 102 rules, the Company is able to recognise the full surplus of the scheme as an asset (see note 23).

Other additional formatting disclosure requirements under FRS 102 are given throughout the financial statements.

Antalis Limited

Directors' Report for the Year Ended 31 December 2015 (continued)

Employee involvement

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

The Company has placed 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 and to the financial and economic factors that affect the performance of the Company.

The Company has given 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.

The Company does not offer a share option scheme to its employees.

Disclosure of information to the auditors

Each Director has taken 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

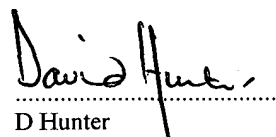
Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

These financial statements were approved by the Board on 30 June 2016 and signed on its behalf by:



S G McCue
Director



D Hunter
Director

Antalis Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Antalis Limited

Independent Auditors' Report to the members of Antalis Limited

Report on the financial statements

Our opinion

In our opinion, Antalis Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial 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.

Antalis Limited

Independent Auditors' Report to the members of Antalis Limited (continued)

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 set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the parent 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.

What an audit of financial statements involves

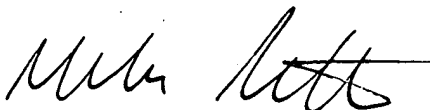
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



.....
Mark Foster (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor
Exchange House
Central Business Exchange
Midsummer Boulevard
Milton Keynes
MK9 2DF

30 June 2016

Antalis Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover	3	520,009	520,173
Cost of sales		<u>(420,193)</u>	<u>(426,602)</u>
Gross profit		99,816	93,571
Administrative expenses		<u>(90,825)</u>	<u>(89,970)</u>
Operating profit	4	8,991	3,601
Interest receivable and similar income	7	710	649
Interest payable and similar charges	8	<u>(1,627)</u>	<u>(2,404)</u>
Profit on ordinary activities before taxation		8,074	1,846
Taxation	9	<u>-</u>	<u>-</u>
Profit for the financial year		<u>8,074</u>	<u>1,846</u>

The above results were derived from continuing operations.

The notes on pages 14 to 45 form an integral part of these financial statements.

Antalis Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Profit for the financial year		8,074	1,846
Remeasurement loss on defined benefit pension schemes	20	<u>(1,280)</u>	<u>(1,462)</u>
Total comprehensive income for the year		<u><u>6,794</u></u>	<u><u>384</u></u>

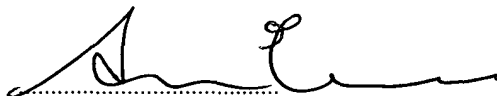
The notes on pages 14 to 45 form an integral part of these financial statements.

Antalis Limited

(Registration number: 1088345)
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Intangible assets	10	19,069	20,219
Tangible assets	11	8,675	14,405
Investments	12	<u>6,313</u>	<u>-</u>
		<u>34,057</u>	<u>34,624</u>
Current assets			
Stocks	13	31,264	29,382
Debtors	14	176,526	110,890
Cash at bank and in hand		<u>12,702</u>	<u>15,597</u>
		220,492	155,869
Creditors: Amounts falling due within one year	15	<u>(179,943)</u>	<u>(117,400)</u>
Net current assets		<u>40,549</u>	<u>38,469</u>
Total assets less current liabilities		74,606	73,093
Provisions for liabilities	17	<u>(3,431)</u>	<u>(5,023)</u>
Net assets excluding pension asset/(liability)		<u>71,175</u>	<u>68,070</u>
Net pension asset	20	10,316	9,122
Net pension liability	20	<u>(8,177)</u>	<u>(10,672)</u>
	20	<u>2,139</u>	<u>(1,550)</u>
Net assets		<u><u>73,314</u></u>	<u><u>66,520</u></u>
Capital and reserves			
Called up share capital	18	165,519	165,519
Share premium account		3,111	3,111
Profit and loss account		<u>(95,316)</u>	<u>(102,110)</u>
Total equity		<u><u>73,314</u></u>	<u><u>66,520</u></u>

These financial statements on pages 10 to 45 were approved and authorised by the Board on 30 June 2016 and signed on its behalf by:



S G McCue
Director

Antalis Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2014	165,519	3,111	(102,494)	66,136
Profit for the financial year	-	-	1,846	1,846
Other comprehensive expense (as restated)	-	-	(1,462)	(1,462)
Total comprehensive income	-	-	384	384
At 31 December 2014	165,519	3,111	(102,110)	66,520
	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2015	165,519	3,111	(102,110)	66,520
Profit for the financial year	-	-	8,074	8,074
Other comprehensive expense	-	-	(1,280)	(1,280)
Total comprehensive income	-	-	6,794	6,794
At 31 December 2015	165,519	3,111	(95,316)	73,314

The notes on pages 14 to 45 form an integral part of these financial statements.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

The Company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

100 New Bridge Street
London
EC4V 6JA

The principal place of business is:

Gateway House
Interlink Way West
Coalville
Leicestershire
LE67 1LE

These financial statements were authorised for issue by the Board on 30 June 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS102 in these financial statements. Details of the transition to FRS102 are disclosed within note 23.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates of assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no significant estimates or assumptions used on these financial statements that the Directors expect will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Directors also consider that the key areas of estimation are inventory provision, trade debtors provision and deferred tax provision. As the Antalis and Arjo UK group of companies have significant tax losses, and anticipates further tax losses in later years, it is not known when deferred tax assets will be realised.

The Directors have taken a prudent view and not recognised the deferred tax asset in the current year. The Directors believe that the assumption that Antalis Limited is a going concern is a critical assumption. The financial information has been prepared on the going concern basis as the Company is expected to generate both cash and trading profits going forward.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland' and with the Companies Act 2006.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The Company is a wholly owned subsidiary and is included in the consolidated financial statements of Antalis International SA. Consequently the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 to not prepare consolidated financial statements.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2014 and have had an effect on the financial statements:

Adoption of Financial Reporting Standard 102

During the year, the Directors have decided to adopt Financial Reporting Standard 102, which is a change in accounting policy.

This change has affected the disclosure and measurement of the Company's four defined benefit pension schemes (see note 20). The main change is the recognition of the expected return of each scheme within the Statement of Other Comprehensive Income, rather than the Profit and Loss, and the introduction of interest income recognised on scheme assets, which is taken to the Profit and Loss. As a result, prior year comparatives have been restated, resulting in a reduction of the profit recognised in 2014 by £1,717k. Also, the rules around restriction of scheme surpluses on the balance sheet have changed under FRS 102. As a result, the restriction recognised in 2014 on the APS Pension Scheme of £2,492k through the Statement of Recognised Gains and Losses has been reversed, as under FRS 102 rules, the Company is able to recognise the full surplus of the scheme as an asset (see note 23).

Other additional formatting disclosure requirements under FRS 102 are given throughout the financial statements.

Cash flow statement and related parties

The Company is a wholly owned subsidiary company of a group headed by Antalis International SA and is included in the consolidated financial statements of that company, which are publically available (note 22). Consequently, the Company has taken advantage of the exemptions from preparing a cash flow statement.

The Company has taken advantage of the exemptions not to disclose related party transactions with other members of the Antalis group on the grounds that it is a wholly owned subsidiary of a group headed by Antalis International SA.

Turnover

Turnover comprises sales to customers recognised upon dispatch of the goods, net of rebates and discounts, and excluding value-added and other sales taxes. Turnover is derived entirely from the Company's continuing principal activity.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Goodwill

Positive goodwill is capitalised as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill is written off to the profit and loss immediately on acquisition.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	20 years

Tangible assets

Tangible fixed assets are valued at historic purchase cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation

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

Asset class	Depreciation method and rate
Land	Not depreciated
Freehold buildings	40 years
Short leasehold property	Over the life of the lease
Plant and machinery	3 to 10 years
Motor vehicles	4 years
Leased assets	5 years

Fixed asset investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. The Directors perform impairment reviews when there has been an indication of potential impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value (net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation), using the average cost method. Cost includes all costs incurred in bringing each product to its present location and condition on an average cost basis. Provision is made for obsolete stock and slow-moving stock on a consistent basis.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Tax

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purpose which have arisen but not reversed 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 have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

Foreign currency transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Rentals payable under operating leases are charged in the profit and loss account as incurred.

Amounts due under leases are included as a debtor at the amount of the net investment in the lease.

Lease payments receivable are apportioned between repayments of capital and interest so as to give a constant periodic rate of return on the net cash investment in the lease.

Financial instruments

Financial assets and liabilities are recorded initially at their fair value and subsequently at amortised cost. They are classified as non current according to when the receipt or payment falls due.

• Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. When a debtor is unrecoverable, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the profit and loss account.

• Cash

Cash includes cash in hand and deposits held with banks available on demand.

• Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Defined contribution pension obligation

For the Antalis Limited Stakeholder scheme (a defined contribution plan), the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Defined benefit pension obligation

The Company operates four defined benefit pension schemes, the Antalis Pension Scheme ("APS"), the Arjo UK scheme ("Arjo"), the James McNaughton Paper Group Pension Assurance Scheme ("JMCG") and the MoDo Merchants Pension Scheme ("MoDo"). The amount recognised in the balance sheet in the current year in respect of the Arjo and APS schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecongised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method for the APS and the projected unit method for the Arjo scheme.

The present value of estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and then have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of changes in equity in the period in which they arise.

For the JMCG and MoDo schemes, assets are measured using the market values. Pension scheme liabilities are measured using a projected unit method discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liabilities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of changes in equity in the period in which they arise.

The Directors consider it is not prudent to recognise a surplus on the pension schemes if the surplus is not considered recoverable via refund from the schemes, and the Directors do not intend to lower the current agreed statement of contributions.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

3 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2015 £ 000	2014 £ 000
Sale of goods	<u>520,009</u>	<u>520,173</u>

The analysis of the Company's turnover for the year by class of business and geographical location is as follows:

	2015 £ 000	2014 £ 000
United Kingdom attributable to external customers	500,506	499,537
United Kingdom attributable to members of the group	2,065	1,838
Europe attributable to members of the group	3,852	5,746
Rest of world attributable to members of the group	74	-
Rest of world attributable to external customers	<u>13,512</u>	<u>13,052</u>
	<u>520,009</u>	<u>520,173</u>

4 Operating profit

Operating profit is arrived is stated at after charging/(crediting)

	2015 £ 000	2014 £ 000
Operating lease expense - plant and machinery	1,104	1,144
Operating lease expense - other	7,336	7,272
Foreign exchange losses / (gains)	1	(382)
Depreciation of owned assets	991	861
Amortisation of goodwill	1,150	1,150
Auditors' remuneration in respect of the statutory audit	215	189
Profit on disposal of property, plant and equipment	(567)	-
Non refundable deposit on sale of Belvedere (note 11)	-	(352)
Stock recognised as an expense	<u>428,312</u>	<u>435,689</u>

Included within the lease costs above are those leases which are in the name of James McNaughton Group Limited, a fellow group company.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

5 Staff costs

The average monthly number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Administration and support	538	510
Other departments	557	545
	<u>1,095</u>	<u>1,055</u>

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2015 £ 000	(As restated) 2014 £ 000
Wages and salaries	38,974	36,899
Social security costs	4,036	3,762
Other pension costs	2,601	1,037
	<u>45,611</u>	<u>41,698</u>

In 2014, income of £1,811k is included within other pension costs in relation to liabilities extinguished on settlement of the Arjo Pension Scheme.

6 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Remuneration	1,086	1,044
Contributions paid to money purchase schemes	128	127
	<u>1,214</u>	<u>1,171</u>

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

	2015 No.	2014 No.
Accruing benefits under defined benefit pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid Director:

	2015 £ 000	2014 £ 000
Remuneration	334	328
Company contributions to money purchase pension schemes	<u>32</u>	<u>32</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Directors' remuneration (continued)

A P D Gourjon and X G Y Roy-Contancin are employees of other group companies and their emoluments and contributions to pension schemes on their behalf are paid by those companies. Their services to the Company are of a non-executive nature and their remuneration, including pension benefits, is deemed to be wholly attributable to their services to those of other group companies during the year and therefore no information is included above in respect of these directors.

During the year, no directors (2014: none) exercised share options in a group company.

7 Interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest receivable on loans to group undertakings	682	649
Pension scheme other finance income	28	-
	<u>710</u>	<u>649</u>

8 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest on bank overdrafts and borrowings	1,157	-
Pension scheme and other finance costs	-	157
Interest on loans from group undertakings	470	2,247
	<u>1,627</u>	<u>2,404</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Taxation

Tax charged in the income statement

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax	-	-

The tax on profit on ordinary activities before taxation for the year is lower than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit on ordinary activities before taxation	8,074	1,846
Corporation tax at standard rate	1,635	397
Depreciation in excess of capital allowances and other short term timing differences	(1,187)	(1,391)
Tax relief on £2m deficit payment to the Antalis Pension scheme allocated to other group companies	261	-
Expenses not deductible for tax purposes	373	487
Profit on sale of fixed assets not taxable due to capital gains tax relief	(115)	(76)
Use of losses brought forward / losses carried forward	(967)	583
Total tax charge	-	-

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. As the company has not provided for deferred tax in the financial statements, this tax rate change would have no impact on the tax charge for the year or tax balances in the balance sheet.

Deferred tax assets of £4,388k (2014: £7,147k) in respect of losses carried forward, pension liabilities, depreciation in excess of tax allowances and other short term timing differences have not been recognised due to uncertainty of recovery. These unprovided assets have been calculated using a rate of 19% and the effect of the proposed rate reduction to 17% would be to reduce the unprovided assets to £3,926k.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

10 Intangible assets

	Goodwill £ 000
Cost or valuation	
At 1 January 2015	<u>22,999</u>
At 31 December 2015	<u>22,999</u>
Accumulated amortisation	
At 1 January 2015	2,780
Amortisation charge	<u>1,150</u>
At 31 December 2015	<u>3,930</u>
Carrying amount	
At 31 December 2015	<u>19,069</u>
At 31 December 2014	<u>20,219</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Tangible assets

	Freehold land and buildings £ 000	Short leasehold land and buildings £ 000	Leased Assets £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Total £ 000
Cost						
At 1 January 2015	16,397	2,210	327	10,539	186	29,659
Additions	-	-	30	1,787	-	1,817
Disposals	(7,911)	-	(27)	-	-	(7,938)
At 31 December 2015	<u>8,486</u>	<u>2,210</u>	<u>330</u>	<u>12,326</u>	<u>186</u>	<u>23,538</u>
Accumulated depreciation						
At 1 January 2015	4,705	1,526	85	8,759	179	15,254
Charge for the year	144	150	74	623	-	991
Eliminated on disposal	(1,373)	-	(9)	-	-	(1,382)
At 31 December 2015	<u>3,476</u>	<u>1,676</u>	<u>150</u>	<u>9,382</u>	<u>179</u>	<u>14,863</u>
Carrying amount						
At 31 December 2015	<u>5,010</u>	<u>534</u>	<u>180</u>	<u>2,944</u>	<u>7</u>	<u>8,675</u>
At 31 December 2014	<u>11,692</u>	<u>684</u>	<u>242</u>	<u>1,780</u>	<u>7</u>	<u>14,405</u>

During the year, the Company sold its Belvedere site for total proceeds of £7,547k (£352k recognised in prior year). Costs associated with the sale amounted to £89k.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Investments

	2015
	£ 000
Investments in subsidiaries	<u>6,313</u>
Subsidiaries	£ 000
Cost	
At 1 January 2015	-
Additions	<u>6,313</u>
At 31 December 2015	<u>6,313</u>
Carrying amount	
At 31 December 2015	<u>6,313</u>
At 31 December 2014	<u>-</u>

During the year, the Company acquired 100% of the share capital of three packaging companies, 1st Class Packaging Limited, Donington Packaging Supplies Limited and Parkside Packaging Limited from the PaperlinX group of companies when they went into administration for a total consideration, including acquisition expenses, of £6,313k.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2015	2014
Subsidiary undertakings				
Antalis Pension Scheme Trustees Limited	United Kingdom	Ordinary shares	100%	100%
1st Class Packaging Limited	United Kingdom	Ordinary shares	100%	0%
Donington Packaging Supplies Limited	United Kingdom	Ordinary shares	100%	0%
Parkside Packaging Limited	United Kingdom	Ordinary shares	100%	0%

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Investments (continued)

The principal activity of Antalis Pension Scheme Trustees Limited is to act as trustees to pension scheme. Its financial period end is 30 June.

The principal activity of 1st Class Packaging Limited is the supply of packaging materials. Its financial period end is 30 June.

The principal activity of Donington Packaging Supplies Limited is the resale of packaging materials to the agricultural industry. Its financial period end is 30 June.

The principal activity of Parkside Packaging Limited is the supply of packaging materials. Its financial period end is 30 June.

1st Class Packaging Limited, Donington Packaging Supplies Limited and Parkside Packaging Limited all changed their year ends to 31 December on 9 May 2016 to coincide with that of its parent company and wider group of Antalis Limited.

13 Stocks

	2015	2014
	£ 000	£ 000
Finished goods and goods for resale	<u>31,264</u>	<u>29,382</u>

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts.

Stocks are stated after provisions for impairment of £1,675k (2014: £1,675k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

14 Debtors

	2015 £ 000	2014 £ 000
Trade debtors	104,942	97,679
Amounts owed by parent undertaking	59,732	245
Amounts owed by group undertakings	441	1,612
Other debtors	9,314	9,207
Prepayments	2,097	2,147
Total current trade and other debtors	<u>176,526</u>	<u>110,890</u>

Amounts owed by parent undertakings relates to cash pooling through Antalis International SAS. The loan is repayable on demand. Interest is calculated daily at LIBOR plus 2.9% (2014: no interest). Amounts owed by group undertakings are repayable on demand and interest free.

Trade debtors are stated after provisions for impairment of £1,887k (2014: £1,887k).

In March 2015, Antalis International SA completed a refinancing exercise with ABN Amro Bank Plc, which allows the group to borrow funds secured against group debtors, which includes the debtors of Antalis Limited. The first drawdown took place on 26 March 2015.

At this time, the old Master Framework Agreement with the consortium banks ceased and borrowings were repaid.

15 Creditors: amounts falling due within one year

	Note	2015 £ 000	2014 £ 000
Loans and borrowings	16	51,389	-
Trade creditors		106,403	92,583
Amounts owed to group undertakings		3,417	6,644
Interest payable on loans from group undertakings		46	639
Taxation and social security		9,797	9,198
Other creditors		420	491
Accruals and deferred income		<u>8,471</u>	<u>7,845</u>
		<u>179,943</u>	<u>117,400</u>

Amounts owed to group undertakings are interest free and repayable on demand (2014: related to a loan from Antalis International SA, and interest was calculated daily at LIBOR plus 5.76%).

Loans and borrowings relate to the refinancing of the group through ABN Amro Bank Plc. Interest is calculated daily at LIBOR plus 2.4%.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

16 Loans and borrowings

	2015 £ 000
Current loans and borrowings	
Bank borrowings	<u>51,389</u>

17 Provisions for liabilities

	Other provisions £ 000
At 1 January 2015	5,023
Additional provisions	1,261
Provisions used	<u>(2,853)</u>
At 31 December 2015	<u>3,431</u>

	2015 £000	2014 £000
Redundancy payments	23	797
Property costs	3,334	3,912
Legal and professional	-	225
Marketing	73	89
Logistics	1	-
	<u>3,431</u>	<u>5,023</u>

The property costs provision has mainly been recognised for dilapidations on rental properties, and is expected to be fully utilised by 2027.

All other provisions are expected to be fully utilised by 31 December 2016.

18 Called up share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>165,519</u>	<u>165,519</u>	<u>165,519</u>	<u>165,519</u>

No dividend has been paid or is proposed.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Not later than one year	6,559	6,418
Later than one year and not later than five years	13,561	11,623
Later than five years	<u>4,456</u>	<u>4,596</u>
	<u>24,576</u>	<u>22,637</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £8,440k (2014 - £8,416k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes

The Company operates four defined benefit pension schemes with assets held in a separately administered external fund. All defined benefit schemes are closed to new entrants.

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,643k (2014 - £1,704k).

Contributions totalling £Nil (2014 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

The Antalis Pension Scheme

The Antalis Pension Scheme (the "APS" scheme), which was created when existing Antalis employees were transferred from the Wiggins Teape Pension Scheme (the "WTPS" scheme), which was a shared scheme with other subsidiaries of the former Arjo Wiggins Appleton group.

The date of the most recent comprehensive actuarial valuation was 30 June 2014. The rate of contributions and deficit payments was agreed on the 30 June 2015 when the valuation as at 30 June 2014 was finalised. Employer contributions are to be paid at Basic Employer Contribution rate of 12% per annum of Pensionable Pay. In respect of the shortfall against the Technical Provisions, the Employer made a single contribution of £2,000k on 1 July 2015 and with a commitment to pay a follow on payment of £2,000k on 1 July 2016, and £1,500k per annum in each of the years 1st July 2017 and annually on 1 July until 2020. A final schedule payment of £500k is payable on 1 July 2021. The scheme's expenses (including PPF levies) will also be paid by the employer.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £210k (2014 - £523k).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2014 - £Nil).

Contributions payable to the pension scheme at the end of the year are £Nil (2014: £Nil).

The total contributions in the next year are expected to be £870k (2014: £1,857k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	65,730	66,851
Present value of defined benefit obligation	<u>(55,414)</u>	<u>(57,729)</u>
Net asset in the balance sheet	<u>10,316</u>	<u>9,122</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2015 £ 000
Present value at start of year	57,729
Current service cost	539
Interest cost	2,096
Actuarial gains and losses	(1,233)
Benefits paid	(3,684)
Liabilities assumed in business combinations	97
Effect of curtailments	<u>(130)</u>
Present value at end of year	<u>55,414</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000
Fair value at start of year	66,851
Interest income	2,489
Return on plan assets, excluding amounts included in interest expense	(1,360)
Employer contributions	2,925
Benefits paid	(3,684)
Assets acquired in business combinations	(1,297)
Scheme administration expenses	(194)
Fair value at end of year	<u>65,730</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Equity instruments	16,976	16,621
Standard Life GARS / Bonds	16,122	16,008
Property	7,962	7,392
LDI	23,256	26,751
Cash	1,414	79
	<u>65,730</u>	<u>66,851</u>

Return on scheme assets

	2015 £ 000	2014 £ 000
Return on scheme assets	<u>1,129</u>	<u>10,471</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The assets of the scheme are held in a separate trustee-administered fund and will be valued regularly by independent, professionally qualified, actuaries according to national regulations and practices. For the purpose of these financial statements, pension costs are determined in accordance with Financial Reporting Standard 102, utilising assumptions which reflect the actuaries' best estimates of the cost of providing scheme benefits. The assumptions reflect average long-term rates and are set against a background of assumed average rates of inflation; it is the relationship between rates, rather than their absolute levels, which determines the valuation and funding requirements.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2015 %	2014 %
Discount rate	3.95	3.75
Future salary increases	3.20	3.10
Future pension increases	1.70	1.65
Inflation	<u>3.20</u>	<u>3.10</u>

Post retirement mortality assumptions

	2015 Years	2014 Years
Current UK pensioners at retirement age - male	21.9	22.1
Current UK pensioners at retirement age - female	23.8	24.3
Future UK pensioners at retirement age - male	23.1	23.3
Future UK pensioners at retirement age - female	<u>25.3</u>	<u>25.8</u>

The Arjo Pension Scheme

The Arjo UK Group Pension Scheme (the "Arjo UK" scheme) is a scheme comprised exclusively of Antalis employees / ex-employees.

The date of the most recent comprehensive actuarial valuation was 05 April 2013 and was updated for FRS 102 purposes to 31 December 2015 by a fully qualified independent actuary. The next full scheme actuarial funding valuation was due on 5 April 2016. By its nature the FRS 102 valuation is approximate, but there is not anticipated to be any material difference between the figures derived and the full actuarial valuation.

The rate of contributions and deficit payments was agreed on 7 July 2014 when the valuation as at 5 April 2013 was finalised. In respect of the shortfall against the Technical Provisions, the Employer agreed to make an additional £300k contribution in December 2014 and will continue to make payments of £1,000k per annum starting in January 2015 to January 2018.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £721k (2014 - £922k).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2014 - £Nil).

Contributions payable to the pension scheme at the end of the year are £Nil (2014: £Nil).

The total contributions in the next year are expected to be £1,367k (2014: £1,000k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	37,888	38,160
Present value of defined benefit obligation	<u>(46,065)</u>	<u>(48,832)</u>
Net liability in the balance sheet	<u><u>(8,177)</u></u>	<u><u>(10,672)</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2015 £ 000
Present value at start of year	48,832
Interest cost	1,724
Actuarial gains and losses	(2,567)
Benefits paid	<u>(1,924)</u>
Present value at end of year	<u><u>46,065</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000
Fair value at start of year	38,160
Interest income	1,359
Return on plan assets, excluding amounts included in interest income/(expense)	(826)
Employer contributions	1,475
Benefits paid	(1,924)
Scheme administration expenses	<u>(356)</u>
Fair value at end of year	<u><u>37,888</u></u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Equity instruments	10,952	11,041
Bonds	15,699	15,945
Diversified Growth Funds	9,517	9,564
Property	1,503	1,402
Cash	217	208
	<u>37,888</u>	<u>38,160</u>

Return on scheme assets

	2015 £ 000	2014 £ 000
Return on scheme assets	<u>533</u>	<u>2,964</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2015 %	2014 %
Discount rate	3.85	3.60
Future pension increases	2.94	2.90
Inflation	<u>3.05</u>	<u>3.00</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	2015 Years	2014 Years
Current UK pensioners at retirement age - male	21.9	22.1
Current UK pensioners at retirement age - female	23.8	24.3
Future UK pensioners at retirement age - male	23.1	23.3
Future UK pensioners at retirement age - female	<u>25.3</u>	<u>25.8</u>

James McNaughton Paper Group Limited Pension Assurance Scheme

This is a defined benefit scheme providing benefits based on pensionable pay. The assets of the scheme are held separately from those of the Company. The scheme is closed to new entrants. Contributions to the scheme are made in accordance with the recommendation of an independent professionally qualified actuary, based on triennial valuations. The contributions are calculated using actuarial valuation methods, which take account of the long-term costs to the company and aim to maintain a relatively stable contribution rate.

Antalis Limited operates the above pension scheme, which includes a section that provides benefits based on final pensionable pay. The scheme was transferred to the company on 30 April 2012 when the company acquired the trade and assets of James McNaughton Group Limited.

The date of the most recent comprehensive actuarial valuation was 06 April 2012 and was updated for FRS 102 purposes to 31 December 2015 by a qualified independent actuary. The next full scheme actuarial funding valuation was due on 6 April 2015, and is currently being discussed and agreed between the Company and trustees at the date of signing these financial statements. By its nature the FRS 102 valuation is approximate, but there is not anticipated to be any material difference between the figures derived and the full actuarial valuation.

The rate of contributions and deficit payments was agreed on 22 April 2014 when the valuation as at 6 April 2012 was finalised. In respect of the shortfall against the Technical Provisions, the employer commenced monthly payments of £191k from 6 April 2012 and will continue to make payments at this level until 31 August 2014, with no future payments in that year. Monthly payments of £100k will be made in 2015 and commencing 1 January 2016 to 31 October 2016, the rate will be £133k per month.

As at the date of signing these financial statements, the Company and trustees were still in negotiations around the valuation and schedule of deficit reduction contributions.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2014 - £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2014 - £Nil).

Contributions payable to the scheme at the end of the year were £Nil (2014: £Nil).

The total contributions in the next year are expected to be £1,600k (2014: £1,200k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	95,364	97,376
Present value of defined benefit obligation	<u>(74,332)</u>	<u>(79,071)</u>
	21,032	18,305
Adjustment relating to asset restriction	<u>(21,032)</u>	<u>(18,305)</u>
Net asset/(liability) in the balance sheet.	<u><u>-</u></u>	<u><u>-</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2015 £ 000
Present value at start of year	79,071
Interest cost	2,903
Actuarial gains and losses	(4,281)
Benefits paid	<u>(3,361)</u>
Present value at end of year	<u><u>74,332</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000
Fair value at start of year	97,376
Interest income	3,611
Return on plan assets, excluding amounts included in interest income/(expense)	(3,462)
Employer contributions	1,200
Benefits paid	<u>(3,361)</u>
Fair value at end of year	<u><u>95,364</u></u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Equity instruments	32,456	46,854
Corporate Bonds	18,442	24,968
Government Bonds	-	25,470
Diversified growth fund	29,280	-
LDI	15,003	-
Cash	183	84
	<u>95,364</u>	<u>97,376</u>

Return on scheme assets

	2015 £ 000	2014 £ 000
Return on scheme assets	<u>149</u>	<u>11,731</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflects long-term real rates of return experienced in the respective markets.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2015 %	2014 %
Discount rate	3.95	3.75
Future salary increases	3.20	3.10
Future pension increases	2.04	1.95
Inflation	<u>2.00</u>	<u>1.90</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	2015 Years	2014 Years
Current UK pensioners at retirement age - male	22.3	22.5
Current UK pensioners at retirement age - female	24.2	24.7
Future UK pensioners at retirement age - male	23.5	23.8
Future UK pensioners at retirement age - female	<u>25.7</u>	<u>26.2</u>

MoDo Merchants Pension Scheme

This is a defined benefit scheme providing benefits based on pensionable pay. The assets of the scheme are held separately from those of the Company. The scheme is closed to new entrants. Contributions to the scheme are made in accordance with the recommendation of an independent professionally qualified actuary, based on triennial valuations. The contributions are calculated using actuarial valuation methods, which take account of the long-term costs to the company and aim to maintain a relatively stable contribution rate.

Antalis Limited operates the above pension scheme, which includes a section that provides benefits based on final pensionable pay. The scheme was transferred to the company on 30 April 2012 when the company acquired the trade and assets of James McNaughton Group Limited.

The date of the most recent comprehensive actuarial valuation was 30 April 2012 and was updated for FRS 102 purposes to 31 December 2015 by a qualified independent actuary. The next full scheme actuarial funding valuation was due on 6 April 2015, and is currently being discussed and agreed between the Company and trustees at the date of signing these financial statements. By its nature the FRS 102 valuation is approximate, but there is not anticipated to be any material difference between the figures derived and the full actuarial valuation.

The rate of contributions and deficit payments was agreed on 22 April 2014 when the valuation as at 6 April 2012 was finalised. In respect of the shortfall against the Technical Provisions, the employer commenced monthly payments of £79k from 6 April 2012 and will continue to make payments at this level until 31 August 2014, with no future payments in that year. Monthly payments of £100k have been made in 2015 and commencing 1 January 2016 to 31 October 2016, the rate will be £33k per month.

As at the date of signing these financial statements, the Company and trustees were still in negotiations around the valuation and schedule of deficit reduction contributions.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2014 - £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2014 - £Nil).

Contributions payable to the scheme at the end of the year were £Nil (2014: £Nil).

The total contributions in the next year are expected to be £400k (2014: £300k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	28,402	28,533
Present value of defined benefit obligation	<u>(22,894)</u>	<u>(23,959)</u>
	5,508	4,574
Adjustments relating to asset restriction	<u>(5,508)</u>	<u>(4,574)</u>
Net asset / (liability) in the balance sheet	<u><u>-</u></u>	<u><u>-</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2015 £ 000
Present value at start of year	23,959
Interest cost	847
Actuarial gains and losses	(1,053)
Benefits paid	<u>(859)</u>
Present value at end of year	<u><u>22,894</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000
Fair value at start of year	28,533
Interest income	1,017
Return on plan assets, excluding amounts included in interest income/(expense)	(589)
Employer contributions	300
Benefits paid	<u>(859)</u>
Fair value at end of year	<u><u>28,402</u></u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Equity instruments	11,908	11,102
Corporate Bonds	5,552	5,723
Fixed interest Government bonds	5,471	5,862
Index linked Government bonds	5,418	5,754
Cash	53	93
	<u>28,402</u>	<u>28,534</u>

Return on scheme assets

	2015 £ 000	2014 £ 000
Return on scheme assets	<u>428</u>	<u>3,774</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflects long-term real rates of return experienced in the respective markets.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2015 %	2014 %
Discount rate	3.85	3.60
Future salary increases	3.62	3.60
Future pension increases	2.94	2.90
Inflation	<u>1.85</u>	<u>1.80</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	2015 Years	2014 Years
Current UK pensioners at retirement age - male	22.3	22.5
Current UK pensioners at retirement age - female	24.2	24.7
Future UK pensioners at retirement age - male	23.5	23.8
Future UK pensioners at retirement age - female	<u>25.7</u>	<u>26.2</u>

21 Financial instruments

Categorisation of financial instruments

	2015 £ 000	2014 £ 000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>174,429</u>	<u>108,743</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(171,472)</u>	<u>(109,915)</u>

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group and parent undertakings and other debtors.

Financial Liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, and other taxes and social security.

22 Parent and ultimate parent undertaking

The Company's immediate parent is Antalis Holdings Limited, incorporated in United Kingdom.

The ultimate parent is Sequana SA, incorporated in France which is the largest group to consolidate these financial statements.

These financial statements are available upon request from

8 rue de Seine,
92100 Boulogne Billancourt
Paris

Antalis International SA is the smallest group to consolidate these financial statements. These financial statements are available from the same address as above.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

23 Transition to FRS 102

This is the first full year that the Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 between UK GAAP and as previously reported and FRS 102.

There was no change to the overall presentation of the opening balance sheet as at 1 January 2014 as a result of the transition to FRS 102.

During the year, the Directors have decided to adopt Financial Reporting Standard 102, which is a change in accounting policy.

This change has affected the disclosure and measurement of the Company's four defined benefit pension schemes (see note 20). The main change is the recognition of the expected return of each scheme within the Statement of Other Comprehensive Income, rather than the Profit and Loss, and the introduction of interest income recognised on scheme assets, which is taken to the Profit and Loss. As a result, prior year comparatives have been restated, resulting in a reduction of the profit recognised in 2014 by £1,717k. Also, the rules around restriction of scheme surpluses on the balance sheet have changed under FRS 102. As a result, the restriction recognised in 2014 on the APS Pension Scheme of £2,492k through the Statement of Recognised Gains and Losses has been reversed, as under FRS 102 rules, the Company is able to recognise the full surplus of the scheme as an asset.

The Directors have elected not to apply section 19 of FRS 102 to business combinations before the date of transition.

Other additional formatting disclosure requirements under FRS 102 are given throughout the financial statements.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

23 Transition to FRS 102 (continued)

Balance Sheet at 31 December 2014

	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets			
Intangible assets	20,219	-	20,219
Tangible assets	14,405	-	14,405
	<u>34,624</u>	<u>-</u>	<u>34,624</u>
Current assets			
Stocks	29,382	-	29,382
Debtors	110,890	-	110,890
Cash at bank and in hand	15,597	-	15,597
	<u>155,869</u>	<u>-</u>	<u>155,869</u>
Creditors: Amounts falling due within one year	(117,400)	-	(117,400)
Net current assets	<u>38,469</u>	<u>-</u>	<u>38,469</u>
Total assets less current liabilities	73,093		73,093
Provisions for liabilities	(5,023)	-	(5,023)
Net assets excluding pension asset/(liability)	68,070		68,070
Pension (liability)/asset	(4,042)	2,492	(1,550)
Net assets	<u>64,028</u>	<u>2,492</u>	<u>66,520</u>
Capital and reserves			
Called up share capital	(165,519)	-	(165,519)
Share premium reserve	(3,111)	-	(3,111)
Profit and loss account	104,602	(2,492)	102,110
Total equity	<u>(64,028)</u>	<u>(2,492)</u>	<u>(66,520)</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

23 Transition to FRS 102 (continued)

Profit and Loss Account for the year ended 31 December 2014

	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Turnover	520,173	-	520,173
Cost of sales	<u>(426,602)</u>	<u>-</u>	<u>(426,602)</u>
Gross profit	93,571		93,571
Administrative expenses	<u>(89,427)</u>	<u>(543)</u>	<u>(89,970)</u>
Operating profit/(loss)	<u>4,144</u>	<u>(543)</u>	<u>3,601</u>
Other interest receivable and similar income	1,666	(1,174)	492
Interest payable and similar charges	<u>(2,247)</u>	<u>-</u>	<u>(2,247)</u>
	<u>(581)</u>	<u>(1,174)</u>	<u>(1,755)</u>
Profit/(loss) before tax	<u>3,563</u>	<u>(1,717)</u>	<u>1,846</u>
Profit/(loss) for the financial year	<u><u>3,563</u></u>	<u><u>(1,717)</u></u>	<u><u>1,846</u></u>