

Registration number: 1088345

Antalis Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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Antalis Limited

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Antalis Limited

Company Information

Directors	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
	Exchange House
	Central Business Exchange
	Midsummer Boulevard
	Milton Keynes
	MK9 2DF

Antalis Limited

Strategic Report for the Year Ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

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 costs of £3,341k (2016: £3,054k), which included one - off costs in relation to implementation of a new warehouse management system across the Company's operational sites. This roll out will complete in 2018.

On 13 February 2017, the company sold its site in Dartford, Kent under a sale and lease back agreement for £6.25m (see note 4 and 11).

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

	Unit	2017	2016
Turnover	£000	486,065	497,079
Gross profit	£000	92,265	97,194
Gross margin %	%	19	20
Net profit	£000	5,133	7,355
Net current assets	£000	48,515	43,950
Net assets	£000	67,033	70,326

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, revenue and margin earned. For non paper sales, this is monitored in terms of sales revenue and margin earned. The tonnage of paper sold decreased in 2017 from the previous year by around 7.1% (2016: decrease of 5%). This was primarily due to market declines in commodity papers such as coated and cut-sized papers driven by a continued trend towards digital offerings. Gross margin percentage has decreased during the year to 19% (2016: 19.6%), as the Company worked hard to offer differentiated levels of service and a full range of products as well as pass through what was a fairly unprecedented level of product price increases due to underlying cost inflation as well as a weak GBP sterling. Bad debts as a percentage of sales decreased to 0.18% of turnover (2016: 0.20% 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 decreased during 2017 by £3,293k (mostly due to the four pension schemes actuarial movements, and not being able to recognise the scheme assets of JMC and MoDo schemes in the Company balance sheet). 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 2017 (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 2017 (continued)

Future developments

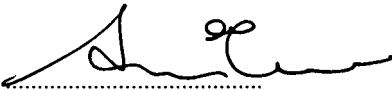
In terms of levels of service, the Company holds a range of approximately 14,000 product lines in stock, with same day and next day delivery service to most parts of the UK. It provides a full range of services to the paper trade including guillotining, technical advice and sales data provision. In 2017, the Company continues to expand in the packaging markets, with three packaging entities acquired during 2015 continuing to trade strongly post acquisition.

During 2018, there will be continuing focus on the packaging and visual communication markets, renewed focus on core paper markets, and continued growth in internet sales. The Company will also continue with the roll out of the new warehouse management system across the operational sites within the UK.

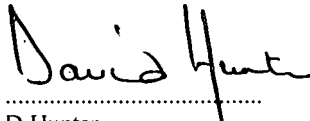
The company continues with its investment programme, rolling out a new WMS (Warehouse Management System), modernising its distribution fleet and capabilities whilst driving a new CRM (Customer Relationship Management) tool across the business. These investments will support a modern sales and distribution business which will bring benefits to our customers with more efficient picking of stock orders, better tracking and tracing and improved customer interaction.

The Company also has begun to look to benefit from third party logistics providers who could distribute stock on our behalf. This will be proved on a case by case basis, with full evaluation of consultation taking place prior to any firm decision being made.

These financial statements were approved by the Board on 28 June 2018 and signed on its behalf by:



S G McCue
Director



D Hunter
Director

Antalis Limited

Directors' Report for the Year Ended 31 December 2017

The Directors present their report and the audited financial statements for the year ended 31 December 2017.

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:

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.

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.

Important non-adjusting events after the financial period

On 01 January 2018, the company decided to hive up the trade and assets of its three packaging subsidiaries by transferring its net assets to Antalis Limited. The hive up was undertaken at net asset value and settled by way of intercompany creditors.

Antalis Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

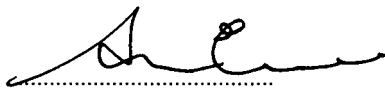
Disclosure of information to the auditors

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.

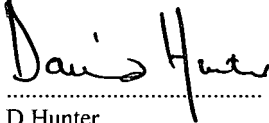
Reappointment of auditors

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

These financial statements were approved by the Board on 28 June 2018 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 FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors 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 audit of the financial statements

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements, which comprise: the balance sheet as at 31 December 2017; the profit and loss account and the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Antalis Limited

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Antalis Limited

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

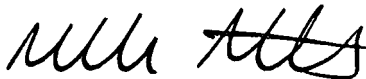
Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



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

Date: 29 June 2018

Antalis Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	486,065	497,079
Cost of sales		<u>(393,800)</u>	<u>(399,885)</u>
Gross profit		92,265	97,194
Administrative expenses		<u>(86,861)</u>	<u>(91,065)</u>
Operating profit	4	5,404	6,129
Income from shares in group undertakings		-	1,650
Other interest receivable and similar income	7	1,488	1,274
Interest payable and similar charges	8	<u>(1,759)</u>	<u>(1,698)</u>
Profit before tax		5,133	7,355
Tax on profit	9	<u>-</u>	<u>-</u>
Profit for the financial year		<u>5,133</u>	<u>7,355</u>

The above results were derived from continuing operations.

Antalis Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Profit for the financial year		5,133	7,355
Remeasurement loss on defined benefit pension schemes	20	<u>(8,426)</u>	<u>(10,343)</u>
Total comprehensive expense for the year		<u><u>(3,293)</u></u>	<u><u>(2,988)</u></u>

The notes on pages 15 to 44 form an integral part of these financial statements.

Antalis Limited

(Registration number: 1088345)
Balance Sheet as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	10	18,668	19,856
Tangible assets	11	4,716	7,245
Investments	12	6,313	6,313
		<u>29,697</u>	<u>33,414</u>
Current assets			
Stocks	13	32,334	30,295
Debtors	14	164,984	159,727
Cash at bank and in hand		12,840	12,074
		<u>210,158</u>	<u>202,096</u>
Creditors: Amounts falling due within one year	15	<u>(161,643)</u>	<u>(158,146)</u>
Net current assets		<u>48,515</u>	<u>43,950</u>
Total assets less current liabilities		<u>78,212</u>	<u>77,364</u>
Provisions for liabilities	17	<u>(4,273)</u>	<u>(4,001)</u>
Net assets excluding pension asset/(liability)		<u>73,939</u>	<u>73,363</u>
Net pension asset	20	8,055	13,569
Net pension liability	20	<u>(14,961)</u>	<u>(16,606)</u>
	20	<u>(6,906)</u>	<u>(3,037)</u>
Net assets		<u>67,033</u>	<u>70,326</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>(101,597)</u>	<u>(98,304)</u>
Total equity		<u>67,033</u>	<u>70,326</u>

These financial statements on pages 11 to 44 were approved and authorised by the Board on 28 June 2018 and signed on its behalf by:



S G McCue
Director

Antalis Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2016	165,519	3,111	(95,316)	73,314
Profit for the financial year	-	-	7,355	7,355
Other comprehensive expense	-	-	(10,343)	(10,343)
Total comprehensive expense	-	-	(2,988)	(2,988)
At 31 December 2016	165,519	3,111	(98,304)	70,326
At 1 January 2017	165,519	3,111	(98,304)	70,326
Profit for the financial year	-	-	5,133	5,133
Other comprehensive expense	-	-	(8,426)	(8,426)
Total comprehensive expense	-	-	(3,293)	(3,293)
At 31 December 2017	165,519	3,111	(101,597)	67,033

The notes on pages 15 to 44 form an integral part of these financial statements.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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 28 June 2018.

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.

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, deferred tax provision and pension asset/provisions. 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 not recognised the deferred tax asset due to uncertainty as to its recoverability in the future. 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 2017 (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.

On 12th June 2017, Antalis SA, parent company, made its debut on the Euronext stock exchange in Paris after a successful Initial Public Offering ("IPO"). Sequana SA remains the ultimate parent company of the group as it retains a majority shareholding in Antalis SA.

The Company meets its day to day obligations through managing cash balances and working capital requirements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its 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.

Dividend income

Dividends received from subsidiary undertakings are accounted for as dividend income when declared and received from the subsidiary.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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.

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
Software costs	3-10 years

All existing goodwill relates to acquisitions completed prior to the adoption of FRS 102 in this financial statements.

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 instalments. 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 2017 (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 if the receipt or payment falls due in over one year from the balance sheet date.

• 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 2017 (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 unrecognised 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. In June 2017, the schemes took an action to reduce future pensioner volatility via a buy-in of 50% of 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 do not recognise the surplus on the pension schemes if the surplus is not considered recoverable via refund from 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 2017 (continued)

3 Turnover

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

	2017 £ 000	2016 £ 000
Sale of goods	<u>486,065</u>	<u>497,079</u>

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

	2017 £ 000	2016 £ 000
United Kingdom attributable to external customers	461,006	487,666
United Kingdom attributable to members of the group	2,429	2,409
Europe attributable to members of the group	4,246	3,321
Europe attributable to external customers	1,455	828
Rest of world attributable to external customers	<u>16,929</u>	<u>2,855</u>
	<u>486,065</u>	<u>497,079</u>

4 Operating profit

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

	2017 £ 000	2016 £ 000
Operating lease expense - plant and machinery	1,072	1,173
Operating lease expense - other	7,667	7,584
Foreign exchange losses/ (Gains)	335	(208)
Depreciation of owned assets	701	859
Amortisation of goodwill and software costs	1,302	1,302
Auditors' remuneration in respect of the statutory audit	190	224
Auditors' remuneration - non audit fees	3	-
Profit on disposal of property, plant and equipment	(3,161)	(59)
Stock recognised as an expense	389,850	393,454
Bad debt provision movement	(146)	-
Stock provision movement	<u>(80)</u>	<u>(240)</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 2017 (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:

	2017 No.	2016 No.
Administration and support	552	551
Other departments	529	563
	<u>1,081</u>	<u>1,114</u>

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

	2017 £ 000	2016 £ 000
Wages and salaries	37,077	37,167
Social security costs	3,764	3,769
Other pension costs	2,584	2,816
	<u>43,425</u>	<u>43,752</u>

6 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	1,056	1,256
Contributions paid to money purchase schemes	43	86
	<u>1,099</u>	<u>1,342</u>

In respect of the highest paid Director:

	2017 £ 000	2016 £ 000
Remuneration	377	403
Company contributions to money purchase pension schemes	<u>-</u>	<u>8</u>

A P D Gourjon and X G U 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 (2016: none) exercised share options in a group company.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

7 Other Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest receivable on loans to group undertakings	1,487	1,120
Other interest received	1	3
Pension scheme other finance income	-	151
	<u>1,488</u>	<u>1,274</u>

8 Interest payable and similar expenses

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	1,554	1,558
Pension scheme and other finance costs	30	-
Interest on loans from group undertakings	175	140
	<u>1,759</u>	<u>1,698</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Tax on profit

Tax charged in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	(31)	(115)
Group relief surrendered	<u>31</u>	<u>115</u>
	<u>-</u>	<u>-</u>

The tax on profit before taxation for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before taxation	<u>5,133</u>	<u>7,355</u>
Corporation tax at standard rate	988	1,471
Depreciation in excess of capital allowances and other short term timing differences	(704)	(816)
Tax relief on £1.5m (2016: £2m) deficit payment to the Antalis Pension scheme allocated to other group companies	168	258
Dividends income not taxable	-	(330)
Expenses not deductible for tax purposes	132	102
Profit on sale of fixed assets not taxable due to capital gains tax relief	(615)	(10)
Group losses surrendered for no consideration	31	115
Use of losses brought forward	<u>-</u>	<u>(790)</u>
Total tax charge	<u>-</u>	<u>-</u>

The UK corporation tax rate for 2017 was reduced from 20% to 19% from 01 April 2017. Changes to reduce the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 6 September 2016. This include a reduction in the main rate to 17% from 01 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

Deferred tax assets of £5,468k (2016: £4,491k) in respect of accelerated capital allowances and other short term timing differences have not been recognised due to uncertainty of recovery. These unprovided assets have been calculated using a 17% tax rate.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Intangible assets

	Goodwill £ 000	Software costs £ 000	Total £ 000
Cost or valuation			
At 1 January 2017	22,999	4,188	27,187
Additions acquired separately	-	114	114
Disposals	-	(527)	(527)
At 31 December 2017	<u>22,999</u>	<u>3,775</u>	<u>26,774</u>
Accumulated amortisation			
At 1 January 2017	5,080	2,251	7,331
Amortisation charge	1,150	152	1,302
Amortisation eliminated on disposals	-	(527)	(527)
At 31 December 2017	<u>6,230</u>	<u>1,876</u>	<u>8,106</u>
Carrying amount			
At 31 December 2017	<u>16,769</u>	<u>1,899</u>	<u>18,668</u>
At 31 December 2016	<u>17,919</u>	<u>1,937</u>	<u>19,856</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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 2017	8,486	2,210	331	9,649	186	20,862
Additions	-	-	25	1,160	-	1,185
Disposals	(5,748)	(17)	(102)	(883)	(115)	(6,865)
At 31 December 2017	2,738	2,193	254	9,926	71	15,182
Accumulated depreciation						
At 1 January 2017	3,620	1,825	223	7,770	179	13,617
Charge for the year	68	103	48	482	-	701
Eliminated on disposal	(856)	(14)	(95)	(850)	(115)	(1,930)
Impairment	(1,922)	-	-	-	-	(1,922)
Transfers	276	148	-	(424)	-	-
At 31 December 2017	1,186	2,062	176	6,978	64	10,466
Carrying amount						
At 31 December 2017	1,552	131	78	2,948	7	4,716
At 31 December 2016	4,866	385	108	1,879	7	7,245

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

12 Investments

	2017 £ 000	2016 £ 000
Investments in subsidiaries	<u>6,313</u>	<u>6,313</u>
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2017		<u>6,313</u>
Provision		
Carrying amount		
At 31 December 2017		<u>6,313</u>
At 31 December 2016		<u>6,313</u>
Details of undertakings		

Details of the investments (including principal place of business of unincorporated entities) 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	
			2017	2016
Subsidiary undertakings				
Antalis Pension Scheme Trustees Limited Gateway House, Interlink Way West, Coalville, Leicestershire, LE67 1LE	United Kingdom	Ordinary shares	100%	100%
1st Class Packaging Limited 100 New Bridge St, London. EC4V 6JA	United Kingdom	Ordinary shares	100%	100%
Donington Packaging Supplies Limited 100 New Bridge St, London. EC4V 6JA	United Kingdom	Ordinary shares	100%	100%
Parkside Packaging Limited 100 New Bridge St, London. EC4V 6JA	United Kingdom	Ordinary shares	100%	100%

On 01 January 2018, the company has decided to hive up the trade and assets of its three packaging subsidiaries by transferring its net assets. The transaction was settled by way of intercompany debt.

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

13 Stocks

	2017 £ 000	2016 £ 000
Finished goods and goods for resale	<u>32,334</u>	<u>30,295</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 £1,400k (2016: £1,480k).

14 Debtors

		2017 £ 000	2016 £ 000
Trade debtors		91,868	96,333
Amounts owed by parent undertaking	21	59,991	50,300
Amounts owed by group undertakings		2,784	2,859
Other debtors		7,676	8,507
Prepayments and accrued income		<u>2,665</u>	<u>1,728</u>
Total current trade and other debtors		<u>164,984</u>	<u>159,727</u>

Amounts owed by parent undertakings relate to cash pooling through Antalis International SA. The loan is repayable on demand. Interest is calculated daily at LIBOR plus 2.9% (2016: LIBOR plus 2.9%). Amounts owed by group undertakings are repayable on demand and interest free.

Trade debtors are stated after provisions for impairment of £1,740k (2016: £1,887k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

15 Creditors: amounts falling due within one year

	Note	2017 £ 000	2016 £ 000
Loans and borrowings	16	45,081	49,456
Trade creditors		97,822	91,034
Amounts owed to group undertakings	21	5,224	2,941
Interest payable on loans from group undertakings		160	126
Taxation and social security		7,416	8,247
Other creditors		22	494
Accruals and deferred income		5,918	5,848
		<u>161,643</u>	<u>158,146</u>

Amounts owed to group undertakings are interest free and repayable on demand (2016: interest free and repayable on demand).

Loans and borrowings relate to the refinancing of the group through ABN Amro Bank Plc. Interest is calculated daily at LIBOR plus 2.4% (2016: LIBOR plus 2.4%).

16 Loans and borrowings

	2017 £ 000	2016 £ 000
Current loans and borrowings		
Bank borrowings	<u>45,081</u>	<u>49,456</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

17 Provisions for liabilities

			Other provisions £ 000
At 1 January 2017			4,001
Increase in existing provisions			3,589
Provisions used			<u>(3,317)</u>
At 31 December 2017			<u>4,273</u>

	2017	2016
	£000	£000
Redundancy payments	102	182
Property costs	3,981	3,658
Marketing	70	79
Logistics	95	82
Professional Consultancy	25	-
	<u>4,273</u>	<u>4,001</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 2018.

18 Called up share capital

Allotted, called up and fully paid shares

	2017		2016	
	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 2017 (continued)

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Not later than one year	6,978	6,107
Later than one year and not later than five years	17,664	14,451
Later than five years	<u>3,644</u>	<u>2,211</u>
	<u>28,286</u>	<u>22,769</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £8,487k (2016 - £8,758k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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 £2,147k (2016 - £2,239k).

Contributions totalling £Nil (2016 - £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 (income) / cost relating to defined benefit schemes for the year recognised in profit or loss as (income) / expense was £(138)k (2016 - £(179)k).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2016 - £Nil).

Contributions payable to the pension scheme at the end of the year are £Nil (2016: £Nil).

The total contributions in the next year are expected to be £1,806k (2016: £1,793k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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:

	2017 £ 000	2016 £ 000
Fair value of scheme assets	55,670	64,587
Present value of defined benefit obligation	<u>(47,615)</u>	<u>(51,018)</u>
Net asset in the balance sheet	<u>8,055</u>	<u>13,569</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £ 000
Present value at start of year	51,018
Interest cost	1,256
Actuarial gains and losses	8,841
Benefits paid	(9,091)
Liabilities assumed in business combinations	<u>(4,409)</u>
Present value at end of year	<u>47,615</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Fair value of scheme assets

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

	2017 £ 000
Fair value at start of year	64,587
Interest income	1,644
Return on plan assets, excluding amounts included in interest expense	2,375
Employer contributions	1,800
Benefits paid	(9,091)
Assets acquired in business combinations	(5,396)
Scheme administration expenses	(249)
Fair value at end of year	<u>55,670</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Equity instruments	13,395	20,886
LDI	25,516	26,492
Standard Life GARS / Bonds	6,624	8,413
Property	8,649	8,221
Cash	1,486	575
	<u>55,670</u>	<u>64,587</u>

Return on scheme assets

	2017 £ 000	2016 £ 000
Return on scheme assets	<u>4,017</u>	<u>17,294</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 2017 (continued)

20 Pension and other schemes (continued)

Principal actuarial assumptions

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

	2017 %	2016 %
Discount rate	2.55	2.70
Future salary increases	3.20	3.25
Future pension increases	1.66	1.69
Inflation	<u>3.20</u>	<u>3.25</u>

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	21.9	21.9
Current UK pensioners at retirement age - female	23.7	23.9
Future UK pensioners at retirement age - male	23.0	23.2
Future UK pensioners at retirement age - female	<u>25.0</u>	<u>25.4</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

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 06 April 2016 which included an update to the census data.

The rate of contributions and deficit payments was agreed on 05 September 2017 when the valuation as at 06 April 2016 was finalised. In respect of the shortfall against the Technical Provisions, the Employer agreed to make an additional £750k contribution on 31 August 2017 and will continue to make payments of £2,100k per annum starting in January 2018 to January 2026. These contributions will increase each year in line with RPI, subject to a cap of 3% per annum, with the first increase on 01 January 2019.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £688k (2016 - £605k).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2016 - £Nil).

Contributions payable to the pension scheme at the end of the year are £Nil (2016: £Nil).

The total contributions in the next year are expected to be £2,380k (2016: £1,318k).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2017 £ 000	2016 £ 000
Fair value of scheme assets	44,629	40,514
Present value of defined benefit obligation	<u>(59,590)</u>	<u>(57,120)</u>
Net liability in the balance sheet	<u>(14,961)</u>	<u>(16,606)</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £ 000
Present value at start of year	57,120
Interest cost	1,493
Actuarial gains and losses	2,562
Benefits paid	(1,585)
Present value at end of year	<u>59,590</u>

Fair value of scheme assets

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

	2017 £ 000
Fair value at start of year	40,514
Interest income	1,076
Return on plan assets, excluding amounts included in interest income/(expense)	2,838
Employer contributions	2,057
Benefits paid	(1,585)
Scheme administration expenses	(271)
Fair value at end of year	<u>44,629</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Equity instruments	9,040	12,771
Bonds	-	16,892
Diversified Growth Funds	19,218	9,291
Property	1,669	1,518
LDI	14,572	-
Cash	130	42
	<u>44,629</u>	<u>40,514</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Return on scheme assets

	2017 £ 000	2016 £ 000
Return on scheme assets	<u>3,914</u>	<u>3,797</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:

	2017 %	2016 %
Discount rate	2.50	2.65
Future pension increases	3.06	3.13
Inflation	<u>3.20</u>	<u>3.30</u>

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	21.9	21.9
Current UK pensioners at retirement age - female	23.7	23.9
Future UK pensioners at retirement age - male	23.0	23.2
Future UK pensioners at retirement age - female	<u>25.0</u>	<u>25.4</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

James McNaughton Paper Group 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 2015 and was updated for FRS 102 purposes to 31 December 2015 by a qualified independent actuary. The next full scheme actuarial funding valuation is due on 6 April 2018, 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 6 December 2016 when the valuation as at 6 April 2015 was finalised. In respect of the shortfall against the Technical Provisions, the employer commenced monthly payments of £100k from 6 April 2015 to 31 December 2015, monthly payments of £133k from 1 January 2016 to 31 December 2016, monthly payments of £100k from 1 January 2017 to 31 July 2019, and will continue to make payments at this level until 31 December 2021, or until a new schedule of contributions is agreed at the next valuation date.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2016 - £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2016 - £Nil).

Contributions payable to the scheme at the end of the year were £Nil (2016: £Nil).

The total contributions in the next year are expected to be £1,206k (2016: £1,206k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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:

	2017 £ 000	2016 £ 000
Fair value of scheme assets	122,069	120,054
Present value of defined benefit obligation	<u>(97,110)</u>	<u>(98,557)</u>
	24,959	21,497
Adjustment relating to asset restriction	<u>(24,959)</u>	<u>(21,497)</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:

	2017 £ 000
Present value at start of year	98,557
Interest cost	2,600
Actuarial gains and losses	521
Benefits paid	<u>(4,568)</u>
Present value at end of year	<u><u>97,110</u></u>

Fair value of scheme assets

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

	2017 £ 000
Fair value at start of year	120,054
Interest income	3,095
Return on plan assets, excluding amounts included in interest income/(expense)	9,844
Remeasurement (loss)/gain arising from purchase of insurance policy	(7,562)
Employer contributions	1,206
Benefits paid	<u>(4,568)</u>
Fair value at end of year	<u><u>122,069</u></u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Equity instruments	44,512	44,790
Corporate Bonds	-	21,392
Value of insurance policy	15,099	-
Fixed interest Government bonds	20,485	32,644
Index linked Government bonds	41,940	21,145
Cash	33	83
	<u>122,069</u>	<u>120,054</u>

Return on scheme assets

	2017 £ 000	2016 £ 000
Return on scheme assets	<u>12,939</u>	<u>25,429</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:

	2017 %	2016 %
Discount rate	2.55	2.70
Future salary increases	3.20	3.25
Future pension increases	2.06	2.10
Inflation	<u>2.00</u>	<u>2.05</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	22.3	22.3
Current UK pensioners at retirement age - female	24.1	24.3
Future UK pensioners at retirement age - male	23.4	23.6
Future UK pensioners at retirement age - female	<u>25.4</u>	<u>25.8</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 06 April 2015 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 2018, 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 6 December 2016 when the valuation as at 6 April 2015 was finalised. In respect of the shortfall against the Technical Provisions, the employer commenced monthly payments of £25k from 6 April 2015 to 31 December 2015, monthly payments of £33k from 1 January 2016 to 31 December 2016, monthly payments of £4k from 1 January 2017 to 31 July 2019, and will continue to make payments at this level until 31 December 2021, or until a new schedule of contributions is agreed at the next valuation date.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2016 - £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2016 - £Nil).

Contributions payable to the scheme at the end of the year were £Nil (2016: £Nil).

The total contributions in the next year are expected to be £44k (2016: £44k).

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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:

	2017 £ 000	2016 £ 000
Fair value of scheme assets	31,818	33,900
Present value of defined benefit obligation	<u>(28,151)</u>	<u>(28,880)</u>
	3,667	5,020
Adjustments relating to asset restriction	<u>(3,667)</u>	<u>(5,020)</u>
Net asset / (liability) in the balance sheet	<u>-</u>	<u>-</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £ 000
Present value at start of year	28,880
Interest cost	751
Actuarial gains and losses	(392)
Benefits paid	<u>(1,088)</u>
Present value at end of year	<u>28,151</u>

Fair value of scheme assets

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

	2017 £ 000
Fair value at start of year	33,900
Interest income	850
Return on plan assets, excluding amounts included in interest income	720
Remeasurement loss arising from purchase of insurance policy	(2,608)
Employer contributions	44
Benefits paid	<u>(1,088)</u>
Fair value at end of year	<u>31,818</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Equity instruments	-	3,632
Corporate Bonds	-	7,251
Value of Insurance Policy	6,603	-
Fixed interest Government bonds	12,746	12,604
Index linked Government bonds/Gilts	12,414	10,374
Cash	55	39
	<u>31,818</u>	<u>33,900</u>

Return on scheme assets

	2017 £ 000	2016 £ 000
Return on scheme assets	<u>1,570</u>	<u>5,939</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:

	2017 %	2016 %
Discount rate	2.50	2.65
Future salary increases	3.20	3.30
Future pension increases	3.06	3.13
Inflation	<u>2.00</u>	<u>2.10</u>

Antalis Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	22.3	22.3
Current UK pensioners at retirement age - female	24.1	24.3
Future UK pensioners at retirement age - male	23.4	23.6
Future UK pensioners at retirement age - female	<u>25.4</u>	<u>25.8</u>

21 Related party transactions

Summary of transactions with related parties

During the year Antalis Limited sold £1,554,000 (2016: £1,687,000) of goods to a number of group companies who are not 100% owned. At the year-end £1,055,000 (2016: £1,022,000) was outstanding and included within debtors.

During the year Antalis Limited purchased £30,116,000 (2016: £33,428,000) of goods from a number of group companies who are not 100% owned. At the year-end £3,127,000 (2016: £1,017,000) was outstanding and included within creditors.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

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 parent of the smallest group and not the group itself to consolidate these financial statements. These financial statements are available from the same address as above.

23 Non-adjusting events after the financial period

On 01 January 2018, the company decided to hive up the trade and assets of its three packaging subsidiaries by transferring its net assets to Antalis Limited. The hive up was undertaken at net asset value and settled by way of intercompany creditors.