

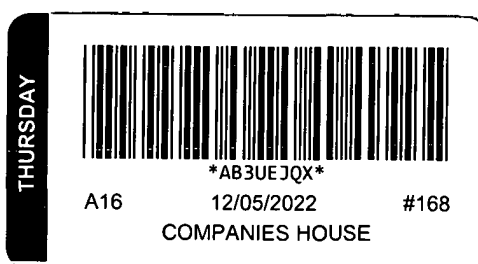
## Premier Paper Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 03672117

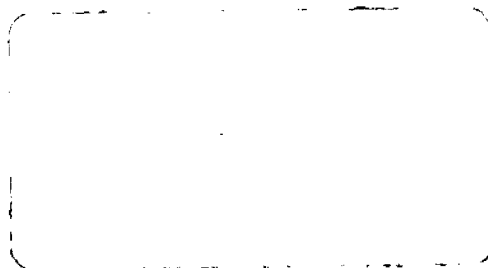


# Premier Paper Group Limited

## Company Information

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<b>Directors</b>	S Taylor M Imamura H Kashima M Sato M Beever
<b>Company secretary</b>	S Parkes
<b>Registered number</b>	03672117
<b>Registered office</b>	Premier House Midpoint Park Kingsbury Road Birmingham B76 1AF
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA
<b>Bankers</b>	Lloyds Bank PLC 125 Colmore Row Birmingham B3 3SF  MUFG Bank, Ltd. Ropemaker Place 25 Ropemaker Street London EC2Y 9AN
<b>Solicitors</b>	Gateley PLC One Eleven Edmund Street Birmingham B3 2HJ



# Premier Paper Group Limited

## Contents

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	Page
<b>Strategic Report</b>	1 - 6
<b>Directors' Report</b>	7 - 10
<b>Directors' Responsibilities Statement</b>	11
<b>Independent Auditor's Report</b>	12 - 15
<b>Statement of Comprehensive Income</b>	16
<b>Statement of Financial Position</b>	17
<b>Statement of Changes In Equity</b>	18
<b>Notes to the Financial Statements</b>	19 - 37

# Premier Paper Group Limited

## Strategic Report For the Year Ended 31 December 2021

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

### Business operating model

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

The Company operates as a family of accountable business units bound together by a common purpose of providing world class product choice and a first class distribution service in the most cost efficient way. The Head Office, located in Birmingham, provides all the central support functions of Procurement, Supply Chain Management, Finance, Marketing and IT. The site is also home to the 'central hub' warehouse from which trunks operate daily to take product to the Company's 13 regional branches across the UK; each branch has its own sales function, warehouse and fleet from which to service its local customer base.

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

### Strategic priorities

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

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

### Employees

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

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

The latest gender pay gap report on the Company's website ([www.paper.co.uk](http://www.paper.co.uk)) shows gender representation as male 87.4%, female 12.6%. As the Company is involved in the sale and distribution of paper products a large proportion of its workforce are males employed in manual roles within warehouse and distribution. The gender pay gap (mean) is 6.1% for the year to March 2022, significantly below the figure for organisations in the same sector and industry.

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2021

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### Environment

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

- Bringing to market paper based alternatives to plastics
- Investing in fuel efficient commercial vehicles with reduced CO2 and NOX emissions
- Introducing more hybrid cars into the fleet to reduce emissions
- Installing charging points at larger branches to encourage use of electric vehicles
- Installing LED lighting throughout Head Office and the larger regional warehouses
- Continuing the Carbon Capture initiative with The Woodland Trust

Hybrid and electric cars now comprise one half of the car fleet.

Although the COVID-19 pandemic impacted on the Company's planned schedule of tree planting events during spring 2021, we did return tree planting, with a smaller number of customers, in the autumn and it was pleasing to see that the Carbon Capture programme continued to grow with total contributions, from the programme to the Woodland Trust, now exceeding £1.37m.

570 customers are currently fully engaged with the programme which to date has planted over 354,000 trees, created 221 hectares of native British woodland and mitigated 82,994 tonnes of CO2 emissions.

### Non-financial information statement

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

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

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2021

### Risk management

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

- Structural market decline – this risk is pertinent to all paper merchants in the UK as the level of market demand falls and creates price pressure on margins. However, the Company has several initiatives to grow value added areas of the business to mitigate the rate of decline in commodity volumes and has invested in specialists, new stocks, marketing collateral and larger warehouses to this end;
- Product availability – capacity constraints brought about by mill closures, strikes and increasing demand post-Covid is another risk shared by all paper merchants in the UK. The Company continues to mitigate this risk by working collaboratively with its broad supplier base and maximising stock levels to avoid stock outs; and
- Credit - over the years the sector has experienced significant business failures from amongst its customers but the Company continues to take active steps to improve its credit risk management, and carries credit insurance against its debtor book.

### Key performance indicators

	£000	% change
Revenue	187,011	17
Gross profit	39,940	28
Overheads	33,383	8
PBT	7,406	-

### Financial review

The COVID-19 pandemic continued to have an impact with lockdowns affecting trade in Q1, however there was a significant bounce thereafter. This, combined with an ever increasing proportion of value added sales and effective cost control, led to full year EBITDA being £3m ahead of budget.

Turnover of commodity products increased 11% in the year. By comparison turnover of value added product ranges grew 29% with the continued success of the organic growth programmes in Packaging and Display Graphics resulting in £5m incremental sales.

The Company continued to pursue its policy of investing in larger regional branches in which to provide its customer base with a breadth of fast moving stock ranges. To this end the Company has exited its operations in Liverpool and Manchester in the first quarter of 2021, and has combined the operations in a modern 25,000 sq. ft branch in Haydock. Furthermore the Company has exchanged contracts in March 2022 on a 45,000 sq.ft new build warehouse in Wellingborough which will become the home of the Premier Display division.

Headcount increased by 15 in 2021. This, together with a return to 100% salary levels, nil furlough income (£2.1m in 2021), and significant inflationary pressures on payroll costs brought about by driver shortages in the UK, resulted in 20% increase in payroll costs.

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

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2021

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### Balance Sheet review

Capital expenditure was £1.2m (2020 £0.7m) including £0.5m investment in Display conversion equipment to drive further sales growth and £0.1m for driver PDAs to facilitate Covid-friendly electronic proof of deliveries.

The Company had net decrease in cash of £0.9m (2021 £11.3m increase) which resulted in net debt increasing to £21.8m (2021 £20.9m).

The defined benefit pension liability reduced by £1.3m to £0.5m. The Company reached an agreement with the Trustee of the scheme with regards to the triennial actuarial valuation as at 30 June 2019. This resulted in a statutory deficit of £0.4m and is a £1.5m improvement on the previous position as 30 June 2016, primarily due to contributions of £0.9m and strong investment performance. The Company and Trustee have confirmed, in line with the current funding arrangement, that contributions of £0.3m p/a will continue to be made to 31 December 2022.

### The Board

The Board of Premier Paper is comprised of the following:

- Chairman Mitsutoshi Imamura, appointed 5 July 2019, also Executive VP at JPP
- Managing Director Michael Beever, appointed 1 August 2021
- Finance Director Simon Taylor, appointed 15 March 2016
- Director Hiroshi Kashima, appointed 5 July 2019, also Executive Officer at JPP
- Director Masahiko Sato, appointed 5 July 2019

Michael Beever, previously COO, replaced Dave Allen as Managing Director on 1 August 2021 as part of an executive level succession plan. Dave Allen is retained in the business on a consultancy basis through to end of 2022.

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

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

The Board is also responsible for:

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

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

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

# Premier Paper Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2021

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### *The Board (continued)*

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

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

Engaging with the Company's stakeholders is fundamental to the way the Company does business. The Company has over 370 employees, over 4,000 domestic customers and over 150 suppliers from all around the world, all of whom the Company engages with through a variety of means:

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

### **Going concern**

The Company continues to be financed by Japanese bank MUFG (providing £40m of uncovenanted funds backed by a parent company guarantee provided by JPP) and Lloyds (providing £30m confidential invoice discounting facility), thereby the Company has maintained the ability to borrow up to £70m across the two facilities. The Company had a drawdown of £25m on the MUFG facility throughout 2021, thereby enabling the Company to benefit from low financing costs. MUFG has confirmed it will renew the facility on same terms from April 2022.

Results to date in 2022 are well ahead of budget and management expect full year results to be in excess of pre-pandemic levels. With strong profitability and combined headroom close to £50m, management are confident that the Company remains a strong going concern.



# Premier Paper Group Limited

Strategic Report (continued)  
For the Year Ended 31 December 2021

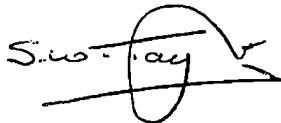
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## Future developments

Premier Paper continues to be the UK's second largest paper merchant. The outlook for 2022 is for a period of consolidation and to further strengthen its UK market position at sustainable profit levels. The organisation is stable and focused with teams of long serving high quality people working well together. The Company continues to build on these strengths and is in a good position to continue its growth and take advantage of any market opportunities.

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

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. Taylor', with a large, stylized loop at the end.

**S Taylor**  
Director

Date: 10.05.22

# Premier Paper Group Limited

## Directors' Report For the Year Ended 31 December 2021

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The Directors present their report and the financial statements for the year ended 31 December 2021.

### Results and dividends

The profit for the year, before taxation, amounted to £7,406,000 (2020 - £1,280,000). Information on likely future developments of the Company has been included in the strategic report on page 1.

Interim dividends of £Nil (2020 - £5,000,000) have been paid during the year. The Directors propose a final dividend of £Nil (2020 - £Nil).

### Directors

The Directors who served during the year and up to the date of this report were:

D Allen (resigned 1 August 2021)  
S Taylor  
M Imamura  
H Kashima  
M Sato  
M Beever (appointed 1 August 2021)

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

### Political contributions

During the year, the Company made political contributions of £Nil (2020 - £Nil) and charitable donations totalling £1,450 (2020 - £1,471).

### Financial instruments

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

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

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

### Research and development activities

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

### Employment of disabled persons

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

# Premier Paper Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2021

### Employee involvement

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

### Equal opportunities

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

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

### Streamlined Energy and Carbon Reporting (SECR)

#### Energy Use and Carbon Emissions Disclosure

The Company discloses the energy use and greenhouse gas emissions that the Company is responsible for in line with the requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 and latest 2018 regulations.

	2020-21 Consumption kWh	2020-21 Emissions (tCO <sub>2</sub> e)	2019-20 Emissions (tCO <sub>2</sub> e)	Change (%)
Electricity	1,311,574	278.49	336.79	-17%
Gas	1,081,432	198.08	150.07	32%
Transport Fuels	17,368,252	4,111.94	3,697.28	11%
<b>Gross Annual Total</b>	<b>19,761,258</b>	<b>4,588.50</b>	<b>4,184.14</b>	<b>10%</b>
Intensity Metric (floor area)		39,444	38,577	2%
Total tCO <sub>2</sub> e/sqm		0.11633	0.10785	8%
Qualifying Green Tariffs	51,981	11.04	5.05	119%
<b>Net Annual Total</b>	<b>19,709,277</b>	<b>4,577.47</b>	<b>4,151.80</b>	<b>10%</b>

Table 1: Primary Statement for Premier Paper Group Ltd

The above reported carbon emissions translate to Scope 1, 2 and 3 emissions as follows:

	2020-21 Consumption kWh	2020-21 Emissions (tCO <sub>2</sub> e)	2019-20 Emissions (tCO <sub>2</sub> e)	Change (%)
Scope 1*	18,118,837	4,232.65	3,785.94	12%
Scope 2 (location based)	1,311,574	278.49	336.79	-17%
Scope 2 (market based)	1,259,593	267.45	331.75	-19%
Scope 3	330,847	77.37	61.40	26%
<b>Total (location based)</b>	<b>19,761,258</b>	<b>4,588.50</b>	<b>4,184.14</b>	<b>10%</b>
<b>Total (market based)</b>	<b>19,709,277</b>	<b>4,577.47</b>	<b>4,151.80</b>	<b>10%</b>

Table 2: Greenhouse Gas Emissions for Premier Paper Group Ltd

\* transport fuel consumption and mains gas included, no fugitive emissions recorded

# Premier Paper Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2021

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### ***Streamlined Energy and Carbon Reporting (SECR) (continued)***

#### ***Baseline Year***

This is the second year of GHG reporting and is aligned with the financial year, 01/01/2021 to 31/12/2021. The first years' report forms the baseline year which runs from 01/01/2020 to 31/12/2020. It is worth noting that the baseline year was formed during the Covid-19 pandemic and as such comparisons to this and future years may be skewed. We may re-baseline once operations are less volatile due to Covid-19.

#### ***Targets***

The Company has not developed any carbon targets for the current reporting period.

#### ***Intensity Measurement***

The intensity metric chosen is building floor area (square metres) as at the Financial Year ending 31st December 2021. This was chosen as the most suitable metric as the organisation's operations are closely linked to the size and number of operational UK warehouses.

#### ***Carbon Offset***

The Company procures green gas and electricity at Unit 7 Avonside Industrial Park, Bristol, from Hub Energy which uses 100% renewable electricity and 100% carbon offset gas.

#### ***Energy Efficiency Narrative***

This years' reporting period has been significantly impacted by the Covid-19 situation which has reduced occupation of buildings and company transport since March 2020. The Covid-19 situation has also impacted on energy efficiency measures that the Company had sought to implement during this financial year and no further improvements have been made during this period.

The Company operates a Carbon Capture Scheme which provides funding for the work carried out by the Woodland Trust.

The large logistics operations of the Company, utilising mainly diesel fuelled LGV and HGVs should be the focus of efforts to reduce carbon emissions as new electric vehicles become available and this can be seen in the efforts of the organisation to add to their 2 fully electric vehicles through the procurement of eight more fully electric vehicles and 14 plug in hybrid vehicles over the coming 12 months, replacing older diesel vehicles. In addition, the Company has installed EV charging points at three locations: Minworth, Castle Donington and Southampton.

The surveys and associated reports completed as part of Phase 2 ESOS should provide a route map for which energy conservation measures can be implemented cost effectively. To reduce energy consumption, cost and carbon emissions, The Company is encouraged to continue their existing good work and implement further energy conservation measures in the next 12-month period, and as the changing Covid-19 situation allows.

#### ***Footnotes***

The Company has chosen operational control as the consolidation approach and the boundary includes all entities and facilities either owned or under our operational control that are within the UK.

The methodology used to calculate the CO2e emissions is the Operational Control approach on reporting boundaries as well as utilising the carbon emissions methodology as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard, Revised Edition. Emissions factor data source: BEIS 2021 conversion factors:  
<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>.

# Premier Paper Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2021

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### ***Streamlined Energy and Carbon Reporting (SECR) (continued)***

#### ***Footnotes (continued)***

Reporting covers electricity, gas and transport fuel consumption within the UK as required by Environmental Reporting Guidelines for non-quoted companies as defined in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Emissions in tonnes CO<sub>2</sub>e in line with the GHG Protocol Corporate Standard (2004) including revised Scope 2 guidance (2015) which discloses a market based figure in addition to the location based figure. Scope 2 emissions have been calculated in accordance with GHG Protocol guidelines, in both location and market based methodologies. We have used a zero emission factor where we have renewable contracts in place in the UK.

#### **Disclosure of information to auditors**

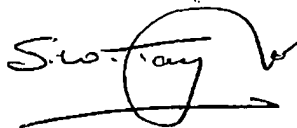
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

#### **Auditors**

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

This report was approved by the board and signed on its behalf by:



**S Taylor**  
Director

Date: 16.05.22

# Premier Paper Group Limited

## Directors' Responsibilities Statement For the Year Ended 31 December 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Premier Paper Group Limited

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

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Premier Paper Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# Premier Paper Group Limited

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

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

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

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

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

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

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

### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



# Premier Paper Group Limited

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

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

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

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gain an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates in, and considered the risk of acts by the Company which were contrary to the applicable laws and regulations, including fraud. These includes but were not limited to compliance with Act 2006 and FRS 102.
- We understood how Premier Paper Group Limited is complying with those frameworks by making enquiries of management and those charged with governance and gaining an understanding of the entity level controls of the Company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions and non-compliance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, making enquiries of management and those charged with governance. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. Where the risk was considered to be higher, in respect of management override, including in respect of inappropriate revenue recognition through journal entries, we performed audit procedures to address the identified fraud risks.
- Our procedures included revenue transaction testing, credit notes issued during the year including post year end, cut off testing and testing of unusual journal entries posted in the revenue during the year to address the completeness assertion. We performed testing on a sample basis where we obtained corroborating evidence to demonstrate that the transactions related to the audit period had been appropriately recorded. Our procedures were designed to provide reasonable assurance that the Company financial statements were free from material misstatement.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved, enquires of management and those charged with governance, obtaining and reading the minutes of meetings of those charged with governance and testing of a sample of transactions throughout the audit to supporting documentation to assess compliance. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

## Premier Paper Group Limited

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

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

#### Use of our report

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

DocuSigned by:

*Jon Gilpin*

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

Date: 10 May 2022

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

# Premier Paper Group Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	4	187,011	160,028
Cost of sales		(147,071)	(128,709)
<b>Gross profit</b>		<b>39,940</b>	<b>31,319</b>
Distribution costs		(18,524)	(16,657)
Administrative expenses		(14,861)	(14,258)
Exceptional expenses	14	-	(1,938)
Other operating income	5	37	2,171
<b>Operating profit</b>	6	<b>6,592</b>	<b>637</b>
Interest receivable	10	998	977
Interest payable and similar charges	11	(162)	(316)
Other finance expense		(22)	(18)
<b>Profit before tax</b>		<b>7,406</b>	<b>1,280</b>
Tax on profit	12	(1,195)	(117)
<b>Profit for the financial year</b>		<b>6,211</b>	<b>1,163</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme	22	999	(1,021)
Movement of deferred tax relating to pension deficit	20	(250)	214
<b>Other comprehensive income for the year</b>		<b>749</b>	<b>(807)</b>
<b>Total comprehensive income for the year</b>		<b>6,960</b>	<b>356</b>

All amounts relate to continuing activities.

The notes on pages 19 to 37 form part of these financial statements.

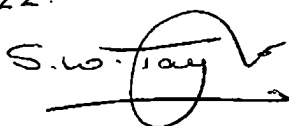
# Premier Paper Group Limited

Registered number:03672117

## Statement of Financial Position As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Tangible assets	15		4,024		3,781
<b>Current assets</b>					
Stocks	16	20,708		20,445	
Debtors: amounts falling due after more than one year	17	50,809		49,865	
Debtors: amounts falling due within one year	17	47,096		36,174	
Bank and cash balances		3,233		4,144	
		121,846		110,628	
Creditors: amounts falling due within one year	18	(54,165)		(48,862)	
<b>Net current assets</b>			67,681		61,766
<b>Total assets less current liabilities</b>			71,705		65,547
<b>Provisions for liabilities</b>					
Deferred tax	20		(475)		-
Pension liability			(456)		(1,733)
<b>Net assets</b>			70,774		63,814
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss account			70,674		63,714
			70,774		63,814

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10.05.22.



**S Taylor**  
Director

The notes on pages 19 to 37 form part of these financial statements.

# Premier Paper Group Limited

## Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	100	63,714	63,814
<b>Comprehensive income for the year</b>			
Profit for the year	-	6,211	6,211
Actuarial gains on defined benefit pension scheme	-	999	999
Movement of deferred tax relating to pension deficit	-	(250)	(250)
<b>Total comprehensive income for the year</b>	-	6,960	6,960
<b>At 31 December 2021</b>	<b>100</b>	<b>70,674</b>	<b>70,774</b>

## Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	100	68,358	68,458
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,163	1,163
Actuarial losses on defined benefit pension scheme	-	(1,021)	(1,021)
Movement of deferred tax relating to pension deficit	-	214	214
<b>Total comprehensive income for the year</b>	-	356	356
Dividends: Equity capital	-	(5,000)	(5,000)
<b>At 31 December 2020</b>	<b>100</b>	<b>63,714</b>	<b>63,814</b>

Capital and reserves comprise:

### *Share capital*

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

### *Profit and loss account*

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

The notes on pages 19 to 37 form part of these financial statements.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 1. General information

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

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

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been consistently applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of RADMS Paper Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

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

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Company continues to be financed by Japanese bank MUFG (providing £40m of uncovenanted funds backed by a parent company guarantee provided by JPP) and Lloyds (providing £30m confidential invoice discounting facility), thereby the Company has maintained the ability to borrow up to £70m across the two facilities. The Company had a drawdown of £25m on the MUFG facility throughout 2021, thereby enabling the Company to benefit from low financing costs. MUFG has confirmed it will renew the facility on same terms from April 2022.

Results to date in 2022 are well ahead of budget and management expect full year results to be in excess of pre-pandemic levels. With strong profitability and combined headroom close to £50m, management are confident that the Company remains a strong going concern.

#### 2.4 Foreign currency translation

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

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

#### 2.5 Revenue

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

#### 2.6 Operating leases

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

#### 2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

#### 2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 2.9 Onerous leases

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

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.10 Pensions

##### *Defined contribution pension scheme*

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

##### *Defined benefit pension scheme*

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

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

#### 2.11 Current and deferred taxation

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

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

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

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

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

#### 2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.



# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.13 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets less their residual value over their estimated useful lives, on the following basis:

Freehold property	- 2% straight line per annum
Plant and machinery	- 10% straight line per annum
Motor vehicles	- 14 - 20% straight line per annum
Fixtures and fittings	- 10% straight line per annum
Office equipment	- 20% straight line per annum
Computer equipment	- 20% straight line per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.14 Stocks

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

#### 2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash on short term deposit. Advances secured under debtor factoring financing arrangements are shown within current liabilities in the balance sheet.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.16 Financial instruments

##### *Financial assets*

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

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

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

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

##### *Financial liabilities*

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

#### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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

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

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

#### *Tangible fixed assets*

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

Investment properties are professionally valued using a market value methodology. Per the Valuation Standards as published by The Royal Institution of Chartered Surveyors market value is defined as 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'. The valuation has been updated by the Directors to 31 December 2019 and 31 December 2020 based on external available relevant property yields.

#### *Stock provisions*

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

In the case of the provision for the impairment of stock, this covers obsolescence through technological or customer specific reasons. This provision is based on the assessment of stock value and ageing, quantities on hand, usage, changes in the market, technical developments and warranty periods. The value of stock in note 16 is net of the provision for the impairment of stock.

#### *Bad debt provisions*

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

This provision is based on the assessment of ageing of trade debtor balances and customer specific reasons. The value of trade debtors in note 17 is net of the provision for the impairment of trade debtors.

#### *Pension liability*

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

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 4. Revenue

Revenue is wholly attributable to paper merchanting and distribution; the principal activity of the Company.

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	186,889	159,733
Europe	117	287
Rest of the world	5	8
	<u>187,011</u>	<u>160,028</u>

### 5. Other operating income

	2021 £000	2020 £000
Rents receivable	37	60
Furlough claims	-	2,111
	<u>37</u>	<u>2,171</u>

### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £000	2020 £000
Depreciation of tangible fixed assets	614	591
Defined contribution pension cost	636	618
Operating lease rentals	4,588	3,868
Loss/(profit) on disposal of tangible fixed assets	<u>(332)</u>	<u>22</u>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable for the audit of the Company's financial statements	42	40

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

### 8. Employees

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

	2021 £000	2020 £000
Wages and salaries	15,184	15,230
Social security costs	1,664	1,428
Cost of defined contribution scheme	636	618
	<b>17,484</b>	<b>17,276</b>

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

	2021 No.	2020 No.
Sales	122	145
Administration	40	42
Warehouse and distribution	202	234
	<b>364</b>	<b>421</b>

In addition to the staff costs noted above, the Company also paid costs of £95,789 (2020 - £1,494,432), and accrued costs of £Nil (2020 - £227,879), including legal costs in relation to redundancy payments for the staff and directors. This is included within administrative expenses.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	741	431
Company contributions to defined contribution pension schemes	24	18
	<u>765</u>	<u>449</u>

During the year retirement benefits were accruing for 3 Directors (2020 - 2) in respect of defined contribution pension schemes.

Emoluments of the highest paid director were £212,200 (2020 - £202,019). Pension contributions of £14,000 (2020 - £Nil) were made to a money purchase scheme on his behalf.

### 10. Interest receivable

	2021 £000	2020 £000
On loans to group companies	996	977
Other interest receivable	2	-
	<u>998</u>	<u>977</u>

### 11. Interest payable and expenses

	2021 £000	2020 £000
On bank loans, overdrafts and other facilities	<u>162</u>	<u>316</u>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 12. Taxation

	2021 £000	2020 £000
<b>Corporation tax</b>		
Current tax on profits for the year	913	1
Adjustments in respect of previous periods	4	(5)
<b>Total current tax</b>	<b>917</b>	<b>(4)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	298	110
Adjustments in respect of previous periods	(2)	6
Effect of changes in tax rates	(18)	5
<b>Total deferred tax</b>	<b>278</b>	<b>121</b>
<b>Taxation on profit</b>	<b>1,195</b>	<b>117</b>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	7,406	1,280
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,407	243
<b>Effects of:</b>		
Fixed asset differences	(89)	26
Expenses not deductible for tax purposes	11	7
Amounts (charged)/credited to STRGL	189	(194)
Group relief claimed	(189)	(185)
Adjustment to tax charge in respect of prior periods	4	(5)
Adjustments to deferred tax charge in respect of prior periods	(2)	6
Deferred tax (charged)/credited to STRGL	(250)	214
Remeasurement of deferred tax for changes in tax rates	114	5
<b>Total tax charge for the year</b>	<b>1,195</b>	<b>117</b>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 12. Taxation (continued)

#### Factors that may affect future tax charges

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

The Corporation tax is calculated at 19% (2020 - 19%) of the estimated assessable profit for the year. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the Balance Sheet date have been measured using these enacted rates and reflected in these financial statements. The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the Balance Sheet date it has not been used to calculate the deferred tax balances.

### 13. Dividends

	2021 £000	2020 £000
Interim dividend of £Nil (2020 - £50) per ordinary share paid during the year	-	5,000

### 14. Exceptional expenses

	2021 £000	2020 £000
Exceptional items	-	1,938

The exceptional items above relate to business restructuring costs and costs associated with accruing for holiday pay due to government legislation.



# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 15. Tangible fixed assets

	Investment property £000	Land and buildings £000	Plant, machinery and other assets £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2021	318	2,538	6,632	9,488
Additions	-	30	1,165	1,195
Disposals	(318)	-	(84)	(402)
At 31 December 2021	-	2,568	7,713	10,281
<b>Depreciation</b>				
At 1 January 2021	-	1,502	4,205	5,707
Charge for the year	-	44	570	614
Disposals	-	-	(64)	(64)
At 31 December 2021	-	1,546	4,711	6,257
<b>Net book value</b>				
At 31 December 2021	-	1,022	3,002	4,024
At 31 December 2020	318	1,036	2,427	3,781

Included in land and buildings and investment property is freehold land at cost of £380,000 (2020 - £631,700) which is not depreciated.

At 31 December 2021, included within the net book value of land and buildings £832,270 (2020 - £931,431) related to freehold land and buildings and £189,542 (2020 - £422,077) related to short term leasehold land and buildings.

Freehold property is held as security by the bank on the bank loans and overdrafts included within creditors. Further details on the security held by the bank are given in note 19.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 16. Stocks

	2021 £000	2020 £000
Raw materials and consumables	20,708	20,445

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

Impairment losses relating to damaged or obsolete inventories and included within cost of sales amounted to £291,699 (2020 - £107,087).

Stocks are held as security by the bank on the bank loans and overdrafts included within creditors. Further details on the security held by the bank are given in note 19.

### 17. Debtors

	2021 £000	2020 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	50,809	49,812
Deferred tax asset	-	53
	<u>50,809</u>	<u>49,865</u>
<b>Due within one year</b>		
Trade debtors	46,029	34,633
Amounts owed by group undertakings	-	26
Other debtors	-	5
Prepayments and accrued income	1,067	1,510
	<u>47,096</u>	<u>36,174</u>

The deferred tax asset is recognised in respect of the defined benefit pension scheme operated by the Company. This will reverse over the life of the scheme and is subject to changes in valuations of the defined benefit obligation and plan assets.

The impairment loss recognised in the statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £383,697 (2020 - £265,317).

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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

	2021 £000	2020 £000
Bank loans	25,000	25,000
Trade creditors	20,857	17,374
Amounts owed to group undertakings	-	2
Corporation tax	517	-
Other taxation and social security	5,349	4,158
Other creditors	2,442	2,328
	<u>54,165</u>	<u>48,862</u>

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

### 19. Loans

Analysis of the maturity of loans is given below:

	2021 £000	2020 £000
<b>Amounts falling due within one year</b>		
Bank loans	<u>25,000</u>	<u>25,000</u>

Bank loans and overdrafts at the Balance Sheet date of £25,000,000 (2020 - £25,000,000) represents borrowings from MUFG, which is secured by a guarantee from Japan Pulp and Paper Co., Ltd, the Company's ultimate parent undertaking.

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 20. Deferred taxation

	2021 £000	2020 £000
At beginning of year	53	(40)
Charged to profit or loss	(278)	(121)
Credited to other comprehensive income	(250)	214
<b>At end of year</b>	<b>(475)</b>	<b>53</b>

The deferred taxation balance is made up as follows:

	2021 £000	2020 £000
Timing differences	(475)	53

### 21. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
100,000 (2020 - 100,000) Ordinary shares of £1.00 each	100	100

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 22. Pension commitments

#### *Defined contribution scheme*

The Company operates a defined contribution pension scheme, which is open to all employees. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £635,702 (2020 - £617,973).

There was £171,485 (2020 - £199,661) of contributions outstanding at the end of the year. There were no prepaid contributions at either the beginning or end of the financial year.

#### *Defined Benefit Schemes*

The Company operates a Defined Benefit Pension Scheme.

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

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

A full actuarial valuation of the defined benefit scheme was carried out at 30 June 2019 and updated to 31 December 2021 by a qualified independent actuary. Contributions to the scheme are made by the Company based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

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

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	12,155	10,929
Interest cost	162	226
Actuarial losses	44	1,323
Benefits paid	(383)	(323)
<b>At the end of the year</b>	<b>11,978</b>	<b>12,155</b>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 22. Pension commitments (continued)

Composition of plan liabilities:

	2021 £000	2020 £000
Schemes wholly or partly funded	<u>11,978</u>	<u>12,155</u>

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	10,422	9,935
Interest income	140	208
Actuarial gains	1,043	302
Employer contributions	300	300
Benefits paid	(383)	(323)
<b>At the end of the year</b>	<u><b>11,522</b></u>	<u><b>10,422</b></u>

#### *Plan assets*

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

Composition of plan assets:

	2021 £000	2020 £000
Equities	8,912	8,193
Debt instruments	1,778	1,482
Property	329	108
Cash	503	639
<b>Total plan assets</b>	<u><b>11,522</b></u>	<u><b>10,422</b></u>

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

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 22. Pension commitments (continued)

Reconciliation to balance sheet:

	2021 £000	2020 £000
Fair value of plan assets	11,522	10,422
Present value of plan liabilities	(11,978)	(12,155)
<b>Net pension scheme liability</b>	<b>(456)</b>	<b>(1,733)</b>

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Net interest cost	22	18

Analysis of actuarial gain/(loss) recognised in other comprehensive income are as follows:

Reconciliation of fair value of plan liabilities were as follows:

	2021 £000	2020 £000
Actual return less expected return on pension plan assets	1,043	302
Experience gains/(losses) arising on scheme liabilities	55	8
Changes in assumptions underlying the present value of the scheme liabilities	(99)	(1,331)
<b>Closing defined benefit obligation</b>	<b>999</b>	<b>(1,021)</b>

# Premier Paper Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 22. Pension commitments (continued)

Principal actuarial assumptions used at the balance sheet date:

	2021	2020
Discount rate	1.85%	1.35%
Price inflation rate (RPI)	3.40%	2.95%
Price inflation rate (CPI)	2.90%	2.40%
Allowance for revaluation of deferred pensions of CPI or 5% p.a if less	2.90%	2.40%
Allowance for pension payment increases of CPI or 5% p.a if less, minimum 3% p.a.	3.60%	3.00%
Mortality rates		
- for a male aged 60 now	26.0	24.7
- at 60 for a male aged 40 now	27.5	25.9
- for a female aged 60 now	28.0	26.8
- at 60 for a female member aged 40 now	29.5	28.1

### 23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	4,295	4,104
Later than 1 year and not later than 5 years	11,505	9,851
Later than 5 years	2,665	3,569
	<u>18,465</u>	<u>17,524</u>

### 24. Controlling party

At 31 December 2021 the immediate parent undertaking was RADMS Paper Limited, a company incorporated in the United Kingdom. The smallest group for which consolidated accounts are prepared is RADMS Paper Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

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