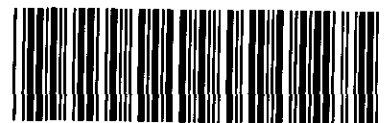


**Sappi (UK) Sales Office Limited**

**Annual report and financial statements  
for the year ended 30 September 2018**

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## **Sappi (UK) Sales Office Limited**

### **Company information**

<b>Directors</b>	J A Clinton A V Makkonen
<b>Registered number</b>	02523638
<b>Registered office</b>	Westerham Valley Oasts Westerham Valley Farm Beggars Lane Westerham Kent TN16 1QP

# **Sappi (UK) Sales Office Limited**

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# **Sappi (UK) Sales Office Limited**

## **Directors' report for the year ended 30 September 2018**

The directors present their report and the unaudited financial statements of the company for the year ended 30 September 2018.

### **Principal activity**

The principal activity of the company is to act as a mill agent in the paper trade.

### **Results and dividends**

The profit for the year, after taxation, amounted to £6,887,000 (2017: £1,991,000).

The directors do not recommend the payment of a dividend (2017: £nil).

### **Going concern**

The directors believe that the company has sufficient financial resources to meet its trading obligations as and when they fall due and accordingly these financial statement have been prepared on a going concern basis.

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements unless otherwise indicated are as follows:

J A Clinton  
A V Makkonen

### **Directors' responsibilities statement**

The directors are responsible for preparing 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101, 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 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.

# **Sappi (UK) Sales Office Limited**

## **Directors' report (continued) for the year ended 30 September 2018**

### **Qualifying third party indemnity provisions**

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by Sappi Limited, the ultimate parent company, throughout the financial year.

### **Small companies exemption**

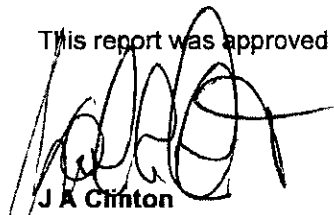
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 and not prepared a strategic report.

### **Audit exemption**

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006. Under the provisions of section 479C of the Companies Act 2006 Sappi Papier Holding GmbH, the immediate parent company, has given a statutory guarantee of all the outstanding liabilities to which the company is subject at 30 September 2018.

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



**J A Clinton**  
Director

## Sappi (UK) Sales Office Limited

### Profit and loss account for the year ended 30 September 2018

	Note	2018 £000	2017 £000
Turnover	4	2,051	2,354
Administrative expenses		(2,244)	(3,031)
<b>Operating loss</b>	5	(193)	(677)
Interest payable and similar charges	8	(233)	(162)
Other finance income	9	7,950	670
<b>Profit/(loss) on ordinary activities before taxation</b>		7,524	(169)
<u>Tax on profit/(loss) on ordinary activities</u>	10	(637)	2,160
<b>Profit for the financial year</b>		<u>6,887</u>	<u>1,991</u>

The notes on pages 7 to 22 form part of these financial statements.

## Sappi (UK) Sales Office Limited

### Statement of other comprehensive income for the year ended 30 September 2018

	Note	2018 £000	2017 £000
Profit for the financial year		<u>6,887</u>	<u>1,991</u>
Actuarial gain on defined benefit pension schemes	17	3,980	12,775
Deferred tax charge in relation to pension scheme assets		<u>(676)</u>	<u>(2,158)</u>
<b>Total comprehensive income for the year</b>		<u><b>10,191</b></u>	<u><b>12,608</b></u>

The notes on pages 7 to 22 form part of these financial statements.

# Sappi (UK) Sales Office Limited

Registered number: 02523638

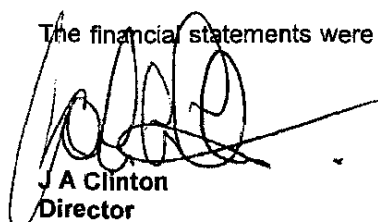
## Balance sheet as at 30 September 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Tangible assets	11		79		101
<b>Current assets</b>					
Debtors	12	226		2,684	
		226		2,684	
Creditors: amounts falling due within one year	13	(19,753)		(19,386)	
<b>Net current liabilities</b>			(19,527)		(16,702)
<b>Total assets less current liabilities</b>			(19,448)		(16,601)
Deferred taxation	14	(1,310)		-	
Defined benefit pension scheme asset - scheme 1	17		11		547
Defined benefit pension scheme asset - scheme 2	17		27,106		12,219
<b>Net assets/(liabilities)</b>			6,359		(3,835)
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Share option reserve			20		17
Retained earnings			6,338		(3,853)
<b>Total shareholders' equity/(deficit)</b>			6,359		(3,835)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006. Under the provisions of section 479C of the Companies Act 2006 Sappi Papier Holding GmbH, the immediate parent company, has given a statutory guarantee of all the outstanding liabilities to which the company is subject at 30 September 2018.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

  
J A Clinton  
Director

The notes on pages 7 to 22 form part of these financial statements.



## Sappi (UK) Sales Office Limited

### Statement of changes in equity for the year ended 30 September 2018

	Called up share capital	Share option reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 October 2017	1	17	(3,853)	(3,835)
Profit for the financial year	-	-	6,887	6,887
Actuarial gain on defined benefit pension scheme	-	-	3,980	3,980
Deferred tax charge in relation to pension scheme assets	-	-	(676)	(676)
Amounts paid during the year for share options	-	(13)	-	(13)
Recognition of equity-settled share-based payments in the year	-	16	-	16
<b>At 30 September 2018</b>	<b>1</b>	<b>20</b>	<b>6,338</b>	<b>6,359</b>

### Statement of changes in equity for the year ended 30 September 2017

	Called up share capital	Share option reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 October 2016	1	24	(16,461)	(16,436)
Profit for the financial year	-	-	1,991	1,991
Actuarial gain on defined benefit pension scheme	-	-	12,775	12,775
Deferred tax charge in relation to pension scheme assets	-	-	(2,158)	(2,158)
Amounts paid during the year for share options	-	(21)	-	(21)
Recognition of equity-settled share-based payments in the year	-	14	-	14
<b>At 30 September 2017</b>	<b>1</b>	<b>17</b>	<b>(3,853)</b>	<b>(3,835)</b>

The notes on pages 7 to 22 form part of these financial statements.

# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 1. General information

Sappi (UK) Sales Office Limited ("the company") acts as a mill agent in the paper trade.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Westerham Valley Oasts Westerham Valley Farm, Beggars Lane, Westerham, Kent, TN16 1QP.

### 2. Summary of significant accounting policies

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 Financial Reporting Standards 101, the Reduced Disclosure Framework ("FRS 101") in these financial statements.

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with FRS 101 and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B to D (additional comparative information);
  - 111 (cash flow information);
  - 134 to 136 (capital management disclosures);
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but not yet effective);
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'fair value measurement';
- Paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of assets; and
- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment'.

For the purposes of FRS 101 reduced disclosure exemptions, equivalent disclosures are included in the publicly available consolidated financial statements of Sappi Limited. See note 19 for details.

## **Sappi (UK) Sales Office Limited**

### **Notes to the financial statements for the year ended 30 September 2018**

#### **2. Summary of significant accounting policies (continued)**

##### **2.2 Going concern**

The directors believe that the company has sufficient financial resources to meet its trading obligations as and when they fall due and accordingly these financial statement have been prepared on a going concern basis.

##### **2.3 Turnover**

Turnover represents commissions receivable from group companies on paper sales made on their behalf, net of VAT and trade discounts. Revenue is recognised when the goods which earn the company commission are dispatched to the customer.

##### **2.4 Operating leases**

Rentals under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

##### **2.5 Interest payable and similar charges**

Interest payable is recognised in the profit and loss account over the term of the debt using the effective interest method.

##### **2.6 Foreign currencies**

###### **(i) Functional and presentational currency**

The company's functional and presentational currency is the Pound sterling, rounded to the nearest £'000.

###### **(ii) Transactions and balances**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance date.

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

Exchange gains and losses are recognised in the profit and loss account.

## Sappi (UK) Sales Office Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 2. Summary of significant accounting policies (continued)

##### 2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### 2.8 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Depreciation is provided on the following basis:

Office equipment	- 20%
------------------	-------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial instruments

##### (i) Financial assets

Basic financial assets, including amounts owed by group undertakings and other debtors shown in note 12 are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method and at the end of each reporting period are assessed for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

##### (ii) Financial liabilities

Basic financial liabilities, including trade creditors, amounts owed to group undertakings and other creditors shown in note 13 are initially recognised at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### (iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.10 Share based payments

The company issues equity-settled and cash-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value has been calculated by actuaries. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date.

## **Sappi (UK) Sales Office Limited**

### **Notes to the financial statements for the year ended 30 September 2018**

#### **2. Summary of significant accounting policies (continued)**

##### **2.11 Pensions**

For defined benefit schemes the amounts charged to administrative expenses are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, *in separate trustee administered funds. Pension scheme assets are measured at fair value* and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **2.12 Called up share capital**

Ordinary shares are classified as equity.

# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 3. Critical accounting estimates and judgements

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 and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (i) Taxation

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 14.

#### (ii) Share based payments

The company's employees have been granted share options and performance shares by the parent company, Sappi Limited. The company makes use of the exemption in section 8 of FRS 101 to account for the expense based on a reasonable allocation of the parent company's total expense. The company has calculated its allocation of the parent company's total expense based on the fair value of vested share options and performance shares of all employees who have spent time working for the company in the year. See note 15.

#### (iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset/liability in the balance sheet. The assumptions reflect historical experience and current trends. See note 17 for the disclosures relating to the defined benefit pension schemes.

### 4. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2018 £000	2017 £000
Europe	2,051	2,354

## **Sappi (UK) Sales Office Limited**

### **Notes to the financial statements for the year ended 30 September 2018**

#### **5. Operating loss**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>22</b>	<b>8</b>
Difference on foreign exchange	<b>(13)</b>	<b>11</b>
Operating lease rentals	<b>178</b>	<b>200</b>
	<b><u>178</u></b>	<b><u>200</u></b>

#### **6. Staff costs**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>1,579</b>	<b>1,664</b>
Social security costs	<b>197</b>	<b>220</b>
Other pension costs (see note 17)	<b>110</b>	<b>118</b>
	<b><u>1,886</u></b>	<b><u>2,002</u></b>

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Sales and distribution	<b>23</b>	<b>24</b>
Administration	<b>1</b>	<b>1</b>
	<b><u>24</u></b>	<b><u>25</u></b>



# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 7. Directors' remuneration

The directors' aggregate remuneration and other payments in respect of qualifying services were:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>206</b>	184
Company pension contributions to money purchase schemes	<b>13</b>	12
	<b>219</b>	196

During the year retirement benefits were accruing to one director (2017: one) in respect of money purchases schemes.

One (2017: one) director's emoluments are borne by another group company and are not recharged. This is because a fair apportionment is not possible as services are provided to multiple entities.

The highest paid director's emoluments were £206,000 (2017: £184,000) and company pension contributions were £13,000 (2017: £12,000).

### 8. Interest payable and similar charges

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group companies	<b>233</b>	162

### 9. Other finance income

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	<b>4,000</b>	3,871
Interest on pension scheme liabilities	<b>(3,953)</b>	(4,276)
Past service cost	<b>7,903</b>	1,075
	<b>7,950</b>	670

# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 10. Taxation

	2018 £000	2017 £000
<b>Current tax</b>		
UK corporation tax charge on profit/(loss) for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	710	(2,477)
Effect of changes in tax rates	(74)	317
Adjustment in respect of prior periods	1	-
<b>Taxation on profit/(loss) on ordinary activities</b>	<b>637</b>	<b>(2,160)</b>

#### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.50%). The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	7,524	(169)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.50%)	1,430	(33)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3	65
Effect of changes in tax rates	(74)	317
Amounts not recognised	(726)	(2,509)
Adjustment in respect of prior periods	1	-
Exempt amounts	3	-
<b>Total tax charge/(credit) for the year</b>	<b>637</b>	<b>(2,160)</b>

#### Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred rates at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 11. Tangible fixed assets

	Office equipment £000
<b>Cost or valuation</b>	
At 1 October 2017	110
At 30 September 2018	110
<b>Depreciation</b>	
At 1 October 2017	9
Charge for the year	22
At 30 September 2018	31
<b>Net book value</b>	
At 30 September 2018	79
At 30 September 2017	101

### 12. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	89	2,503
Other debtors	86	129
Prepayments and accrued income	51	49
Deferred taxation (see note 14)	-	3
	226	2,684

Amounts owed by group undertakings of £89,000 (2017: £nil) bear interest at 1 month Euribor + 0.775%. These amounts and all other amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 13. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	55	163
Amounts owed to group undertakings	19,257	18,559
Other creditors	65	68
Accruals and deferred income	376	596
	<b>19,753</b>	<b>19,386</b>

Amounts owed to group undertakings of £19,215,000 (2017: £18,425,000) bear interest at LIBID + 0.775% and amounts of £nil (2017: £119,000) bear interest at 1 month Euribor + 0.775%. These amounts and all other amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

### 14. Deferred taxation

	2018 £000	2017 £000
At beginning of year	3	1
(Charged)/credited to the profit and loss account	(637)	2,160
Charged to other comprehensive income	(676)	(2,158)
<b>At end of year</b>	<b>(1,310)</b>	<b>3</b>

The deferred taxation balance is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	4	3
Tax losses carried forward	3,295	2
Pension surplus	(4,609)	(2)
	<b>(1,310)</b>	<b>3</b>

A deferred tax asset of £4,000 (2017: £3,000) has been recognised in respect of capital allowances in excess of depreciation as the company is likely to be able to realise the value for these items by surrendering the future deductions as group relief to other UK group companies.

A deferred tax asset of £10,000 (2017: £605,261) in respect of trading losses, other short term timing differences and capital losses has not been recognised due to the uncertainty regarding the timescale over which it will be utilised.

## Sappi (UK) Sales Office Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 15. Share based payments

During the year ended 30 September 2018, the following share based remuneration plans were in place, the Sappi Limited Performance Share Incentive Plan ("Plan") and the Sappi Limited Share Incentive Trust ("Trust").

During the year employees were offered 23,450 (2017: 15,500) performance shares and nil (2017: nil) share options.

Under the rules of the Plan, participants who are officers and other employees of the company may be awarded conditional contracts to acquire ordinary shares for no cash consideration. The conditional contracts are subject to performance criteria being met or exceeded after the fourth anniversary date for ordinary shares to be allotted or transferred to the participants of the Plan. Should the performance criteria not be met, the number of shares allotted are adjusted downwards from 100% to 75%, or 50%, or none depending on the degree of not meeting the criteria. The performance criteria, which entails a benchmarking of Sappi Limited's performance against an appropriate peer group of companies, is set by Sappi Limited's board at the offer date for each conditional share award.

Under the rules of the Scheme, share options entitle the participant to purchase one ordinary share per share option and Scheme shares entitle the participant to enter into a loan with the Scheme to acquire Sappi Limited shares at a specific issue price. The scheme shares are registered in the participant's name and pledged to the Scheme as security for the loan. Upon payment of the loan, the scheme shares become unsecured Sappi Limited shares owned by the participant. The amount payable by a participant is the closing price at which shares are traded on the JSE Limited on the trading date immediately preceding the date upon which the board authorised the grant of the opportunity to acquire relevant share options or scheme shares, as the case may be.

Share options and performance shares activity was as follows during the year ended 30 September 2018:

	Share Options	Performance shares	Weighted average exercise price (ZAR)	Total shares
Outstanding at 1 October 2017	-	98,130	-	98,130
Granted during the year	-	23,450	-	23,450
Exercised, lapsed, forfeited during the year	-	(1,921)	-	(1,921)
<b>Outstanding at 30 September 2018</b>	-	<b>119,659</b>	-	<b>119,659</b>

## Sappi (UK) Sales Office Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 15. Share based payments (continued)

The following table sets out the number of share options outstanding at the end of September:

	Vesting conditions	Vesting date	Expiry date	2018	Exercise price
3 Dec 2014	Performance	4 Dec 2018	4 Dec 2029	30,903	N/A
8 Dec 2015	Performance	8 Dec 2019	3 Dec 2029	33,779	N/A
1 Dec 2016	Performance	1 Dec 2020	1 Dec 2030	31,527	N/A
4 Dec 2017	Performance	4 Dec 2021	4 Dec 2031	23,450	N/A
<b>Total</b>				<b>119,659</b>	<b>N/A</b>

#### 16. Share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
510 Ordinary A shares of £1 each	1	1
490 Ordinary B shares of £1 each	-	-
	<b>1</b>	<b>1</b>

All shares rank *pari passu* in all respects except that the directors are entitled to declare a dividend in respect of one class without any obligation to declare or pay any dividend on any other class of share.

## Sappi (UK) Sales Office Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 17. Pension commitments

##### Defined contribution scheme

The company operates a defined contribution scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The total contributions charged during the year amounted to £110,000 (2017: £118,000).

##### Defined Benefit Scheme

The Company operates two defined benefit pension schemes.

Scheme 1: The company operates the Sappi (UK) Sales Office Limited 1990 defined benefit pension scheme. This scheme is closed to new members and has no active members. It is accounted for in compliance with IAS19.

The assets of the scheme are held in separate trustee-administered funds. The total pension cost for the year, for the company, in relation to this scheme amounted to £nil (2017: £nil) and the contributions made were £89,000 (2017: £89,000). The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The actuarial valuation of the scheme for which the accounting for the financial year is based was at 31 July 2018.

The pension scheme is in a surplus position of £11,000 (2017: £547,000).

Scheme 2: In 2011 the Sappi UK Limited defined benefit pension scheme was transferred to the company from Sappi UK Limited, a fellow subsidiary company. The assets of the scheme are held in separate trustee-administered funds. This scheme is closed to new members and has no active members. It is accounted for in compliance with IAS19.

The total pension cost for the year, for the company, in relation to this scheme amounted to £nil (2017: £nil) and the contributions made were £2,332,000 (2017: £2,414,000). The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The actuarial valuation of the scheme for which the accounting for the financial year is based was as at 31 July 2018.

The pension scheme is in asset position of £27,106,000 (2017: £12,219,000).

Reconciliation of scheme liabilities and assets:

	2018 £000	2017 £000
<b>Liabilities</b>		
At the beginning of the year	163,692	182,542
Interest cost	3,953	4,276
Actuarial gains	(2,140)	(13,242)
Benefits paid	(7,048)	(8,809)
Past service cost	(7,903)	(1,075)
<b>At the end of the year</b>	<b>150,554</b>	<b>163,692</b>

## Sappi (UK) Sales Office Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 17. Pension commitments (continued)

	2018 £000	2017 £000
<b>Assets</b>		
At the beginning of the year	176,458	179,360
Interest income	4,000	3,871
Actuarial gains/(losses)	1,840	(467)
Contributions by employer	2,421	2,503
Benefits paid	(7,048)	(8,809)
<b>At the end of the year</b>	<b>177,671</b>	<b>176,458</b>

#### Composition of plan assets:

	2018 £000	2017 £000
Fair value of plan assets	177,671	176,458
Present value of plan liabilities	(150,554)	(163,692)
<b>Net pension scheme asset</b>	<b>27,117</b>	<b>12,766</b>

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Interest on obligation	(3,953)	(4,276)
Expected return on scheme assets	4,000	3,871
Past service cost	7,903	1,075
<b>Total</b>	<b>7,950</b>	<b>670</b>



# Sappi (UK) Sales Office Limited

## Notes to the financial statements for the year ended 30 September 2018

### 17. Pension commitments (continued)

The fair value of plan assets were as follows:

	<b>Scheme 1</b>	<b>Scheme 1</b>	<b>Scheme 2</b>	<b>Scheme 2</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Aviva unitised with profits policy/Scottish Life policies	<b>1,387</b>	2,045	-	-
Equities	-	-	<b>89,733</b>	78,640
Bonds	-	-	<b>86,188</b>	95,735
Other	-	-	<b>363</b>	37

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	<b>Scheme 1</b>	<b>Scheme 1</b>	<b>Scheme 2</b>	<b>Scheme 2</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Discount rate	<b>2.65</b>	2.50	<b>2.65</b>	2.50
Rate of increase in pensions in payment	<b>3.10</b>	3.10	<b>3.10</b>	3.10
Inflation	<b>2.10</b>	2.20	<b>2.10</b>	2.20

### 18. Commitments under operating leases

At 30 September the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	<b>96</b>	114
Later than 1 year and not later than 5 years	<b>186</b>	328
	<b>282</b>	442

### 19. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is Sappi Limited, a company incorporated in South Africa. The immediate parent company is Sappi Papier Holding GmbH a company incorporated in Austria. The group financial statements for both the smallest and largest group for which consolidated financial statements are produced are those of Sappi Limited and are available from Westerham Valley Oasts Westerham Valley Farm, Beggars Lane, Westerham, Kent, TN16 1QP.