

REGISTERED NUMBER: 03598292 (England and Wales)

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 July 2020
for
Northwood Paper Sales Limited

Fitzgerald Mithia Springer Limited
Chartered Accountants and
Statutory Auditors
67 Westow Street
Upper Norwood
London
SE19 3RW

www.datalog.co.uk

Apache

Access forbidden!

Northwood Paper Sales Limited (Registered number: 03598292)

**Contents of the Financial Statements
for the Year Ended 31 July 2020**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

www.datalog.co.uk

Apache

Access forbidden!

Northwood Paper Sales Limited

Company Information
for the Year Ended 31 July 2020

DIRECTORS:	P Fecher A Fecher
SECRETARY:	K Vekaria
REGISTERED OFFICE:	4 Warner House Harrovia Business Village Bessborough Road Harrow Middlesex HA1 3EX
REGISTERED NUMBER:	03598292 (England and Wales)
AUDITORS:	Fitzgerald Mithia Springer Limited Chartered Accountants and Statutory Auditors 67 Westow Street Upper Norwood London SE19 3RW

Northwood Paper Sales Limited (Registered number: 03598292)

**Strategic Report
for the Year Ended 31 July 2020**

The directors present their strategic report for the year ended 31 July 2020.

PRINCIPAL ACTIVITY

During the year under review, the company's principal activity is that of the management of the global sourcing and supply of parent reels, both pure and recycled, to the paper converting industry. The company is now the UK's largest independent tissue paper agent and supplier.

REVIEW OF BUSINESS

The directors are pleased to present another positive set of results for the year despite the unprecedented challenges with the Covid -19 pandemic which culminated in the first lockdown in the UK on 23rd March 2020. Even with the challenges and abnormal business pressures during the last 5 months of the fiscal year, turnover increased by 14.6% to £122.7m (2019: £107.1m), generating an increase in net profit of 6% to £1.7m (2019: £1.6m). The business results are according to plan and we have operated with the full complement of staff without the need to utilise the Government furlough scheme.

This result was achieved against the backdrop of those difficult months where problems were encountered and delays experienced in securing materials where availability in Europe and beyond was restricted because of the competitive market conditions. However, we managed to minimise the impact on our supplies because of our extensive worldwide supply chain arrangements developed over the years. We have continued to source materials to meet increasing customer demands many of which are in response to uncertainties of the pandemic.

The company has developed systems which limit its exposure to foreign currency fluctuations with the emphasis on maintaining the company's focus of keeping control of the costs of materials to a level which generates the target margins. Once more the company's system of currency management has proved to be effective.

At present, with the countdown to Brexit and the uncertainties surrounding the UK's exit from the free trade zone, we are concerned that it will be another challenging year ahead of us until the status of our trading relationship with the UK's largest trading partner is known.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a number of financial risks which are managed through internal controls and the application of strict fiscal procedures. The company manages risks associated with exchange rate fluctuations.

The principal assets are trade debtors and stocks. Credit risk is mitigated by strict application of our credit policy and a continued review of customer accounts. The company has a credit insurance policy in place to minimise the impact of any bad debt.

Stock held is continually monitored to ensure that levels are adequate to meet customers' demands, the majority of which relates to formal supply agreements. However, at the year end, stock levels had increased as a direct consequence of the fall in demand in June and July following the unprecedented surge in April and May. The company had also secured stock in the volatile market to ensure that with an anticipated return to normality in the trading cycle, sufficient stock was held to deal with customer demands. Since the year end, stock holdings have returned to normal levels so that the company maintains its optimum stock trading ratio.

Northwood Paper Sales Limited (Registered number: 03598292)

Strategic Report
for the Year Ended 31 July 2020

KEY PERFORMANCE INDICATORS

The company prospers in difficult market conditions because of the attention by management to all aspects of the business. Key performance indicators (KPIs) are sales, purchases and stock levels which are monitored daily and are integral to the control of cash flow and scheduled supplier payments. Other KPIs are the comprehensive financial and statistical reports covering all aspects of the business which are prepared on a daily basis.

Significant KPIs for the company are:

	2020	2019
Turnover	£122.7m	£107.1m
Growth	14.57%	15.22%
Gross Profit	£4.6m	£4.3m
Gross Profit %	3.76%	3.98%
Operating Profit	£2.0m	£2.0m
Operating profit %	1.67%	1.83%
Stock Trading Ratio	16.49%	13.02%

ON BEHALF OF THE BOARD:

P Fecher - Director

24 December 2020

Northwood Paper Sales Limited (Registered number: 03598292)

**Report of the Directors
for the Year Ended 31 July 2020**

The directors present their report with the financial statements of the company for the year ended 31 July 2020.

RESULTS

The profit for the year after taxation amounted to £1,399,038 (2019: £1,297,182).

DIVIDENDS

The total distribution of dividends for the year ended 31 July 2020 was £712,400.
The directors do not recommend that a final dividend be paid.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2019 to the date of this report.

P Fecher
A Fecher

POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Northwood Paper Sales Limited (Registered number: 03598292)

**Report of the Directors
for the Year Ended 31 July 2020**

AUDITORS

The auditors, Fitzgerald Mithia Springer Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

P Fecher - Director

24 December 2020

**Report of the Independent Auditors to the Members of
Northwood Paper Sales Limited**

Opinion

We have audited the financial statements of Northwood Paper Sales Limited (the 'company') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
Northwood Paper Sales Limited**

Matters on which we are required to report by exception

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

A J Fitzgerald FCA (Senior Statutory Auditor)
for and on behalf of Fitzgerald Mithia Springer Limited
Chartered Accountants and
Statutory Auditors
67 Westow Street
Upper Norwood
London
SE19 3RW

24 December 2020

Northwood Paper Sales Limited (Registered number: 03598292)

Statement of Comprehensive Income
for the Year Ended 31 July 2020

	Notes	2020 £	2019 £
TURNOVER	4	122,725,726	107,142,407
Cost of sales		(118,125,176)	(102,876,936)
GROSS PROFIT		4,600,550	4,265,471
Administrative expenses		(2,551,392)	(2,308,918)
OPERATING PROFIT	6	2,049,158	1,956,553
Interest receivable and similar income		1,306	1,331
		2,050,464	1,957,884
Interest payable and similar expenses	7	(326,225)	(357,512)
PROFIT BEFORE TAXATION		1,724,239	1,600,372
Tax on profit	8	(325,201)	(303,190)
PROFIT FOR THE FINANCIAL YEAR		1,399,038	1,297,182
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		1,399,038	1,297,182
FOR THE YEAR		=====	=====

Northwood Paper Sales Limited (Registered number: 03598292)**Balance Sheet****31 July 2020**

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		25,196		21,176
CURRENT ASSETS					
Stocks	11	19,477,166		14,562,040	
Debtors	12	19,580,053		20,938,621	
Cash at bank and in hand		117,268		339,960	
		39,174,487		35,840,621	
CREDITORS					
Amounts falling due within one year	13	33,477,430		31,077,885	
NET CURRENT ASSETS			5,697,057		4,762,736
TOTAL ASSETS LESS CURRENT LIABILITIES			5,722,253		4,783,912
CREDITORS					
Amounts falling due after more than one year	14		1,381,339		1,129,636
NET ASSETS			4,340,914		3,654,276
CAPITAL AND RESERVES					
Called up share capital	17		500,100		500,100
Retained earnings	18		3,840,814		3,154,176
SHAREHOLDERS' FUNDS			4,340,914		3,654,276

The financial statements were approved by the Board of Directors and authorised for issue on 24 December 2020 and were signed on its behalf by:

A Fecher - Director

P Fecher - Director

Northwood Paper Sales Limited (Registered number: 03598292)

Statement of Changes in Equity
for the Year Ended 31 July 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2018	500,100	2,494,394	2,994,494
Changes in equity			
Dividends	-	(637,400)	(637,400)
Total comprehensive income	-	1,297,182	1,297,182
Balance at 31 July 2019	<u>500,100</u>	<u>3,154,176</u>	<u>3,654,276</u>
Changes in equity			
Dividends	-	(712,400)	(712,400)
Total comprehensive income	-	1,399,038	1,399,038
Balance at 31 July 2020	<u>500,100</u>	<u>3,840,814</u>	<u>4,340,914</u>

Northwood Paper Sales Limited (Registered number: 03598292)**Cash Flow Statement**
for the Year Ended 31 July 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	826,737	1,919,954
Interest paid		(326,225)	(357,512)
Tax paid		(321,466)	(286,872)
Net cash from operating activities		<u>179,046</u>	<u>1,275,570</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(14,047)	(2,284)
Interest received		1,306	1,331
Net cash from investing activities		<u>(12,741)</u>	<u>(953)</u>
Cash flows from financing activities			
New loans in year		900,000	-
Loan repayments in year		(576,597)	(687,759)
Equity dividends paid		(712,400)	(637,400)
Net cash from financing activities		<u>(388,997)</u>	<u>(1,325,159)</u>
Decrease in cash and cash equivalents		<u>(222,692)</u>	<u>(50,542)</u>
Cash and cash equivalents at beginning of year	2	339,960	390,502
Cash and cash equivalents at end of year	2	<u>117,268</u>	<u>339,960</u>

Northwood Paper Sales Limited (Registered number: 03598292)

**Notes to the Cash Flow Statement
for the Year Ended 31 July 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit before taxation	1,724,239	1,600,372
Depreciation charges	8,036	7,442
Loss on disposal of fixed assets	1,991	3,495
Finance costs	326,225	357,512
Finance income	(1,306)	(1,331)
	<u>2,059,185</u>	1,967,490
(Increase)/decrease in stocks	(4,915,126)	2,548,903
Decrease/(increase) in trade and other debtors	1,358,568	(1,699,925)
Increase/(decrease) in trade and other creditors	<u>2,324,110</u>	<u>(896,514)</u>
Cash generated from operations	<u>826,737</u>	<u>1,919,954</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2020

	31.7.20 £	1.8.19 £
Cash and cash equivalents	<u>117,268</u>	<u>339,960</u>

Year ended 31 July 2019

	31.7.19 £	1.8.18 £
Cash and cash equivalents	<u>339,960</u>	<u>390,502</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.19 £	Cash flow £	At 31.7.20 £
Net cash			
Cash at bank and in hand	<u>339,960</u>	<u>(222,692)</u>	<u>117,268</u>
	<u>339,960</u>	<u>(222,692)</u>	<u>117,268</u>
Debt			
Debts falling due within 1 year	(10,248,143)	(1,316,685)	(11,564,828)
Debts falling due after 1 year	(1,129,636)	(251,703)	(1,381,339)
	<u>(11,377,779)</u>	<u>(1,568,388)</u>	<u>(12,946,167)</u>
Total	<u>(11,037,819)</u>	<u>(1,791,080)</u>	<u>(12,828,899)</u>

Northwood Paper Sales Limited (Registered number: 03598292)

**Notes to the Financial Statements
for the Year Ended 31 July 2020**

1. **STATUTORY INFORMATION**

Northwood Paper Sales Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities and in accordance with Financial Reporting Standard 102 applicable to the UK and Companies Act 2006.

Significant judgements and estimates

The preparation of financial statements in compliance with FRS102 require the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Revenue

Revenue is measured at fair value of the consideration received or receivable exclusive of Value Added Tax, trade discounts and rebates.

Revenue is recognised from the sale of goods and services when the risks and rewards attributable to the sale have been transferred to the customer, which is considered to be on delivery.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office Equipment -15% on reducing balance

Computer Equipment - 33% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

Stocks are assessed for impairment at the end of each financial year. In case of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is immediately recognised in the income statement. Provision is made for obsolete and slow-moving items.

Northwood Paper Sales Limited (Registered number: 03598292)

Notes to the Financial Statements - continued
for the Year Ended 31 July 2020

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially at cost and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate or in the case of an out-right short term loan not at market rate, the financial asset or liability is measured initially at cost and then subsequently at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Derivative financial instruments

The company holds derivative financial instruments to manage its exposure to foreign exchange rate risk including forward currency contracts and currency swaps which are not basic financial instruments. On initial designation of the derivative as a hedging instrument, the company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy. They are remeasured to their fair value at the end of each reporting period and the resulting gain or loss is recognised in the income statement. The hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged risk.

Taxation

Taxation for the year comprises current tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported on the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

Northwood Paper Sales Limited (Registered number: 03598292)

Notes to the Financial Statements - continued
for the Year Ended 31 July 2020

2. **ACCOUNTING POLICIES - continued**

Foreign currencies

The company's functional and presentational currency is Sterling and this is the currency of the primary economic environment in which the company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the rate of exchange determined by the forward exchange contract relating to each purchase agreement. This is a departure from FRS102. However the directors consider that this method of accounting reflects more accurately the actual costs of purchases and that it is reasonable therefore to apply the "true and fair" override.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Pension costs and other post-retirement benefits

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period. Once the contributions have been paid the company has no further payment obligations.

Invoice discounting

The company discounts its trade debts. The accounting policy is to include a gross asset for trade debtors due within one year and to record the returnable element of the proceeds under creditors due within one year. Discount fees are charged to the profit and loss account when payable.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions in applying the company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates

The key assumptions about the future and other key estimation uncertainty at the reporting period end that may have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

Impairment of assets

Where there are indications of impairment, management performs an impairment test. Recoverable amounts for cash generating units are the higher of fair value less cost of disposal and value in use.

Northwood Paper Sales Limited (Registered number: 03598292)**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020****4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	112,618,333	102,069,998
Europe	9,758,900	4,900,438
United States of America	102,753	138,577
Other Territories	245,740	33,394
	<u>122,725,726</u>	<u>107,142,407</u>

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,179,954	1,083,202
Social security costs	139,030	127,196
Other pension costs	141,503	100,556
	<u>1,460,487</u>	<u>1,310,954</u>

The average number of employees during the year was as follows:

	2020	2019
Administrative, clerical and sales	22	22
Directors	<u>2</u>	<u>2</u>
	<u>24</u>	<u>24</u>

	2020	2019
	£	£
Directors' remuneration	<u>27,805</u>	<u>25,942</u>

Wages and salaries include directors' remuneration.

6. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	8,036	7,442
Loss on disposal of fixed assets	1,991	3,495
Auditors' remuneration	18,000	17,000
Foreign exchange differences	<u>421,395</u>	<u>354,049</u>

Northwood Paper Sales Limited (Registered number: 03598292)**Notes to the Financial Statements - continued**
for the Year Ended 31 July 20207. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Other loan interest	<u>326,225</u>	<u>357,512</u>

8. **TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	<u>325,201</u>	<u>303,190</u>
Tax on profit	<u>325,201</u>	<u>303,190</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>1,724,239</u>	<u>1,600,372</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	327,605	304,071
Effects of:		
Expenses not deductible for tax purposes	655	292
Capital allowances in excess of depreciation	<u>(3,059)</u>	<u>(1,173)</u>
Total tax charge	<u>325,201</u>	<u>303,190</u>

9. **DIVIDENDS**

	2020	2019
	£	£
Ordinary shares of £1 each		
Interim	<u>712,400</u>	<u>637,400</u>

Northwood Paper Sales Limited (Registered number: 03598292)**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020****10. TANGIBLE FIXED ASSETS**

	Office Equipment £	Computer equipment £	Totals £
COST			
At 1 August 2019	35,620	11,564	47,184
Additions	6,695	7,352	14,047
Disposals	<u>(5,875)</u>	<u>-</u>	<u>(5,875)</u>
At 31 July 2020	<u>36,440</u>	<u>18,916</u>	<u>55,356</u>
DEPRECIATION			
At 1 August 2019	21,584	4,424	26,008
Charge for year	2,560	5,476	8,036
Eliminated on disposal	<u>(3,884)</u>	<u>-</u>	<u>(3,884)</u>
At 31 July 2020	<u>20,260</u>	<u>9,900</u>	<u>30,160</u>
NET BOOK VALUE			
At 31 July 2020	<u>16,180</u>	<u>9,016</u>	<u>25,196</u>
At 31 July 2019	<u>14,036</u>	<u>7,140</u>	<u>21,176</u>

11. STOCKS

	2020 £	2019 £
Stocks	<u>19,477,166</u>	<u>14,562,040</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	19,524,898	20,598,127
Other debtors	-	290,041
Prepayments and accrued income	<u>55,155</u>	<u>50,453</u>
	<u>19,580,053</u>	<u>20,938,621</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 15)	10,916,531	9,671,546
Other loans (see note 15)	648,297	576,597
Trade creditors	9,740,478	8,625,887
Taxation and social security	3,415,328	961,819
Other creditors	8,033,529	11,017,614
Accrued expenses	<u>723,267</u>	<u>224,422</u>
	<u>33,477,430</u>	<u>31,077,885</u>

Northwood Paper Sales Limited (Registered number: 03598292)**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020****14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Other loans (see note 15)	<u>1,381,339</u>	<u>1,129,636</u>

The other loan included in creditors falling due within one year and more than year is repayable by monthly instalments over the next five years. Interest is payable at a fixed rate.

15. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	10,916,531	9,671,546
Other loans	<u>648,297</u>	<u>576,597</u>
	<u>11,564,828</u>	<u>10,248,143</u>
Amounts falling due between one and two years:		
Other loans	<u>485,273</u>	<u>485,420</u>
Amounts falling due between two and five years:		
Other loans	<u>896,066</u>	<u>644,216</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	10,916,531	9,671,546
Invoice finance	<u>8,032,753</u>	<u>11,015,821</u>
	<u>18,949,284</u>	<u>20,687,367</u>

Bank loans and invoice discounting facilities are secured by a fixed and floating charge over all the current and future assets of the company.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
500,100	Ordinary	£1	<u>500,100</u>	<u>500,100</u>

Northwood Paper Sales Limited (Registered number: 03598292)**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020****18. RESERVES**

	Retained earnings £
At 1 August 2019	3,154,176
Profit for the year	1,399,038
Dividends	(712,400)
At 31 July 2020	<u>3,840,814</u>

19. PENSION COMMITMENTS

The company operates defined contribution pension schemes for the staff and directors. The assets of the schemes are held separately from that of the company in independently administered funds.

The pension cost charges represent contributions payable by the company to the funds and amounted to £141,503 (2019: £100,556). There were no pension contribution accrued at the balance sheet date.

20. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2020, the company had future minimum lease payments under non cancellable operating leases as follows:

	2020	2019
£		
£		
Other operating		
Not later than 1 year	46,515	24,109
Later than 1 year and not later than 5 years	<u>63,948</u>	<u>25,223</u>
Total	<u>110,463</u>	<u>49,332</u>

21. OTHER FINANCIAL COMMITMENTS

At 31 July 2020, the company had forward foreign exchange contracts amounting to £32,800,549 (2019: £22,194,550).

22. RELATED PARTY TRANSACTIONS**Dividends to directors**

During the year, total dividends of £683,200 (2019: £608,200) were paid to the directors.

Entities with control, joint control or significant influence over the entity

	2020	2019
	£	£
Sales	40,252,467	29,232,881
Purchases	3,602,146	222,943
Rent paid	70,000	70,000
Trade debtors amounts due from related parties	3,280,006	3,970,838
Trade creditors amounts due to related parties	<u>878,357</u>	<u>26,766</u>

At 31 July 2020, the company had outstanding loans of £2,029,635 (2019: £1,706,232) from a related entity.

During the year, interest is charged at 4.75% and 5% and loan interest of £95,245 (2019: £99,225) was payable.

Balances for related entities are included in debtors and creditors where applicable.

