
ROBERT HORNE GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012



ROBERT HORNE GROUP LIMITED

COMPANY INFORMATION

Directors	D S Allen P B Carr M Armston P French (resigned 28 September 2012) R Heald (appointed 1 November 2011) L Gordon (appointed 1 November 2011 & resigned 8 February 2013) S P King (appointed 5 February 2013)
Company secretary	C Sigley
Company number	00584756
Registered office	Huntsman House Masion Close Northampton NN3 6LA
Auditors	KPMG LLP Chartered Accountants St Nicholas House Park Row Nottingham NG1 6FQ

ROBERT HORNE GROUP LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8 - 9
Notes to the financial statements	10 - 26

ROBERT HORNE GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

The directors present their report and the financial statements for the year ended 30 June 2012

Principal activities

The Company's principal activity is that of paper, board and plastics merchanting

Business review

As anticipated the economic and market conditions remained challenging throughout the current year, negatively impacting on the trading results. During the year the Company has carried out a number of strategic initiatives to minimise the impacts of these external influences whilst maximising the service offering to customers and aligning the cost base with market and economic conditions. Given the economic and market conditions the results for the year are in line with expectations.

Market and economic conditions are expected to remain challenging for the year ahead. The Company remains focused on delivering sustainable long term results for the benefit of all stakeholders, fully leveraging the benefits of being part of the global PaperlinX business.

Results

The loss for the year, after taxation, amounted to £2,839,000 (2011 £373,000 loss). The company has not declared a dividend (2011 £nil).

Directors

The directors who served during the year were

D S Allen
P B Carr
M Armston
P French (resigned 28 September 2012)
R Heald (appointed 1 November 2011)
L Gordon (appointed 1 November 2011 & resigned 8 February 2013)

Charitable contributions

Charitable donations made by the Company during the year amounted to £4,198 (2011 £3,108)

Employee involvement

During the year, the policy of providing employees with information about the Company has been continued through a newsletter. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees are encouraged directly to participate in the success of the business.

Disabled employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy, where practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

ROBERT HORNE GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

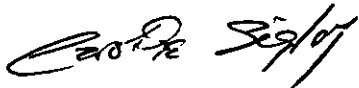
Provision of information to auditors

The directors submit their report and financial statement for the year ended 30 June 2012. The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 4 March 2013 and signed on its behalf



C Sigley
Company secretary

ROBERT HORNE GROUP LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

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 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 judgments and 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,
- 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.

ROBERT HORNE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROBERT HORNE GROUP LIMITED

We have audited the financial statements of Robert Horne Group Limited for the year ended 30 June 2012, set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ROBERT HORNE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROBERT HORNE GROUP LIMITED

Matters on which we are required to report by exception

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



Tim Widdas (Senior statutory auditor)

for and on behalf of
KPMG LLP

Chartered Accountants

St Nicholas House
Park Row
Nottingham
NG1 6FQ

4 March 2013

ROBERT HORNE GROUP LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £000	2011 £000
Turnover	1	273,684	302,943
Cost of sales		<u>(218,200)</u>	<u>(242,088)</u>
Gross profit		55,484	60,855
Distribution costs		(37,709)	(39,396)
Administrative expenses		<u>(21,006)</u>	<u>(20,237)</u>
Operating (loss)/profit	3	(3,231)	1,222
Interest receivable and similar income	7	435	367
Interest payable and similar charges	8	(689)	(560)
Other finance income	9	<u>(71)</u>	<u>(807)</u>
(Loss)/profit on ordinary activities before taxation		(3,556)	222
Tax on (loss)/profit on ordinary activities	10	<u>717</u>	<u>(595)</u>
Loss for the financial year		<u>(2,839)</u>	<u>(373)</u>

All amounts relate to continuing operations

The notes on pages 10 to 26 form part of these financial statements

ROBERT HORNE GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £000	2011 £000
Loss for the financial year		(2,839)	(373)
Actuarial gain related to pension scheme	23	(14,704)	1,964
Deferred tax attributable to actuarial gain	23	2,996	(1,144)
Total recognised gains and losses relating to the year		<u>(14,547)</u>	<u>447</u>

The notes on pages 10 to 26 form part of these financial statements

ROBERT HORNE GROUP LIMITED
REGISTERED NUMBER: 00584756

BALANCE SHEET
AS AT 30 JUNE 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Intangible assets	11		5,218		5,980
Tangible assets	12		3,372		3,564
Investments	13		12,201		12,201
			<u>20,791</u>		<u>21,745</u>
Current assets					
Stocks	14	22,792		20,345	
Debtors	15	87,399		78,675	
Cash at bank		6,310		27,325	
		<u>116,501</u>		<u>126,345</u>	
Creditors: amounts falling due within one year	16	<u>(57,823)</u>		<u>(65,368)</u>	
Net current assets			<u>58,678</u>		<u>60,977</u>
Total assets less current liabilities			<u>79,469</u>		<u>82,722</u>
Creditors: amounts falling due after more than one year	17		<u>(23,122)</u>		<u>(20,958)</u>
Provisions for liabilities					
Other provisions	19		<u>(1,379)</u>		<u>(1,685)</u>
Net assets excluding pension scheme assets/(liabilities)			<u>54,968</u>		<u>60,079</u>
Defined benefit pension scheme liability	23		<u>(30,760)</u>		<u>(21,324)</u>
Net assets including pension scheme assets/(liabilities)			<u>24,208</u>		<u>38,755</u>
Capital and reserves					
Called up share capital	20		12,000		12,000
Other reserves	21		37,225		37,225
Profit and loss account	21		<u>(25,017)</u>		<u>(10,470)</u>
Shareholders' funds	22		<u>24,208</u>		<u>38,755</u>

ROBERT HORNE GROUP LIMITED

**BALANCE SHEET (continued)
AS AT 30 JUNE 2012**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 March 2013



R Heald
Director

The notes on pages 10 to 26 form part of these financial statements

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently unless otherwise stated.

The Company is included in the consolidated financial statements of PaperlinX Limited incorporated in Australia.

As permitted by Section 400 of the Companies Act 2006, the Company has not prepared Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

During the year ended 31 December 1998, the entire trade and assets of the subsidiary undertakings of Adhesive and Display Products Limited, Glenmore Lomond Paper Group Limited, Pinnacle Film & Board Sales Limited, Robert Horne Paper Company Limited, Robert Horne Paper (Scotland) Limited, Sheet and Roll Convertors Limited (transferred 30 June 1999) and W Lunnon & Company Limited (collectively, the "Subsidiaries") were transferred to Robert Horne Group Limited ("Parent") at their book value. No adjustment has been made to the carrying value of the Company's investment in the individual subsidiary companies as there has been no overall loss to the Group because the trade and assets are retained in the Parent. The directors consider that this policy is necessary in order that the financial statements give a true and fair view.

The accounts have been prepared on a going concern basis. The Company partakes in a receivables securitisation programme with ING Bank NV ('ING') implemented in March 2010 by fellow group company PaperlinX Netherlands BV. This financing arrangement which expires in September 2013, together with trading forecasts which show the Company generating positive cash flows lead the directors to believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

As a consequence the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES (continued)

1.2 GOING CONCERN

The accounts have been prepared on a going concern basis which contemplates the continuity of normal business operations, realisation of assets and settlement of liabilities in the ordinary course of business and without the necessity to curtail materiality the scale of the business

The Company partakes in a receivables securitisation programme with ING Bank NV (ING) implemented in March 2010 by fellow group company PaperlinX Netherlands BV. This financing arrangement was renegotiated post 30 June 2012 and an amended agreement was executed on 20 February 2013. The amended agreement has an expiry date of September 2014 and includes covenants related to trading performance (tested on a quarterly, non-cumulative basis) and other restrictions and obligations including requirements for credit insurance.

The ability of the Company to meet its operational cash requirements and remain within the limits of these facilities in the foreseeable future is dependent in part on it and its fellow participants in the securitisation programme meeting their forecast trading results, the successful execution of restructuring initiatives to reduce operating costs and the implementation of strategies to improve working capital management.

The forecast trading results are necessarily based on best-estimate assumptions that may or may not occur as expected and are subject to influences and events outside of the control of the Company. The forecasts, taking into account reasonable possible changes in trading performance, show that the securitisation programme should provide sufficient available facilities to enable the Company to operate.

After making enquires and considering the implications of the material uncertainties described above, the Directors have a reasonable expectation that the Company will have adequate resources to continue to operate and meet its obligations as and when they fall due for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing these financial statements.

1.3 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum
S/Term leasehold property	-	10% to 25% per annum
Plant & machinery	-	4% to 33% per annum
Motor vehicles	-	20% to 25% per annum

1.7 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES (continued)

1.11 FOREIGN CURRENCIES

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

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 Profit and loss account

1 12 PENSIONS

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

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2009

The Company participates in the Robert Horne Group Pension Scheme, a group scheme. The Scheme has both defined benefit and defined contribution sections. The assets of the Scheme are held in a separate trustee administered fund.

The total net defined benefit pension cost for the year was £nil (2011: £nil). The contributions in respect of the defined contribution section are equal to the Company's contributions to the Scheme. The contributions in respect of the defined benefit section are determined by an independent qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was 31 December 2009. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of increase in salaries and price inflation.

The following long-term annual rates were assumed for the valuation as at 31 December 2009:

Investment Return before retirement – 6% pa

Investment Return after retirement – 5% pa (5.0% pa for future retirements)

Price Inflation – 3.5% pa

FRS 17 disclosures

The defined benefit plan is a final salary plan, which closed to future accrual on 30 June 2007.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Estimated Total Cost

Estimated Total Cost

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES (continued)

1.13 FINANCIAL INSTRUMENT NOTE

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

2. TURNOVER

The whole of the turnover is attributable to sales to third parties

A geographical analysis of turnover is as follows

	2012 £000	2011 £000
United Kingdom	272,809	299,043
Rest of European Union	867	3,898
Rest of world	8	2
	<u>273,684</u>	<u>302,943</u>

Turnover is stated net of value added tax and represents sales to third parties

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ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

3 OPERATING (LOSS)/PROFIT

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

	2012	2011
	£000	£000
Amortisation - intangible fixed assets	762	762
Depreciation of tangible fixed assets		
- owned by the company	341	460
Operating lease rentals		
- land, buildings and motor vehicles	3,891	4,434
- plant and machinery	53	132
Difference on foreign exchange	24	(2)
	762	762

4. AUDITORS' REMUNERATION

	2012	2011
	£000	£000
Fees payable to the company's auditor for the audit of the company's annual accounts	61	65
	61	65

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£000	£000
Wages and salaries	27,559	27,133
Social security costs	3,647	3,725
Other pension costs (Note 23)	967	2,028
	32,173	32,886

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

	2012	2011
	No.	No
Sales	338	292
Distribution	312	327
Administration	113	106
	763	725

Employee costs include 144 (2011 137) employees that have been recharged to The Delivery Company at a cost of £5,048,000 (2011 £4,300,000)

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

6. DIRECTORS' REMUNERATION

	2012 £000	2011 £000
Emoluments	<u>342</u>	<u>258</u>

The highest paid director received remuneration of £209,000 (2011 £150,000). Retirement benefits are accruing to nil (2011 nil) directors under a defined benefit scheme, and five directors (2011 four) under a defined contribution scheme.

7. INTEREST RECEIVABLE

	2012 £000	2011 £000
Other interest receivable	<u>435</u>	<u>367</u>

8. INTEREST PAYABLE

	2012 £000	2011 £000
Other interest payable	<u>689</u>	<u>560</u>

9. OTHER FINANCE INCOME

	2012 £000	2011 £000
Expected return on pension scheme assets	6,647	5,532
Interest on pension scheme liabilities	(6,718)	(6,339)
	<u>(71)</u>	<u>(807)</u>

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

10. TAXATION

	2012 £000	2011 £000
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
Corporation tax in respect of previous years	241	1,618
DEFERRED TAX		
Origination and reversal of timing differences	(687)	467
Adjustment in respect of previous year	(271)	(1,490)
TOTAL DEFERRED TAX (see note 18)	(958)	(1,023)
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(717)	595

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2011 higher than) the standard rate of corporation tax in the UK of 25.5% (2011 27.5%). The differences are explained below

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before tax	(3,556)	222
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 27.5%)	(907)	61
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	327	512
Adjustments to tax charge in respect of prior periods	241	1,618
Other short term timing differences	(321)	(15)
Depreciation in excess of/(less than) capital allowances	69	(45)
FRS17 Pension Adjustment	(778)	(1,196)
Losses carried forward	1,610	683
CURRENT TAX CHARGE FOR THE YEAR (see note above)	241	1,618

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The 2012 Budget on 21 March 2012 announced that the UK Corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011 and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July respectively. This will reduce the company's future tax charge accordingly.

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

11. INTANGIBLE FIXED ASSETS

	Goodwill £000
COST	
At 1 July 2011 and 30 June 2012	17,860
AMORTISATION	
At 1 July 2011	11,880
Charge for the year	762
At 30 June 2012	12,642
NET BOOK VALUE	
At 30 June 2012	5,218
<i>At 30 June 2011</i>	5,980

12. TANGIBLE FIXED ASSETS

	Freehold property £000	S/Term Leasehold Property £000	Plant & machinery £000	Motor vehicles £000	Total £000
COST					
At 1 July 2011	900	2,923	17,834	93	21,750
Additions	-	54	95	-	149
Disposals	-	-	(46)	-	(46)
At 30 June 2012	900	2,977	17,883	93	21,853
DEPRECIATION					
At 1 July 2011	-	1,545	16,548	93	18,186
Charge for the year	-	85	256	-	341
On disposals	-	-	(46)	-	(46)
At 30 June 2012	-	1,630	16,758	93	18,481
NET BOOK VALUE					
At 30 June 2012	900	1,347	1,125	-	3,372
<i>At 30 June 2011</i>	900	1,378	1,286	-	3,564

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ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

13 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Total £000
COST OR VALUATION	
At 1 July 2011 and 30 June 2012	12,201
NET BOOK VALUE	
At 30 June 2012	12,201
At 30 June 2011	12,201

PARTICIPATING INTERESTS

The directors consider that the aggregate value of the Company's investments in subsidiary undertakings is not less than the amount stated in these financial statements. None of the Company's subsidiaries have traded during the year.

At 30 June 2012, the Company held the entire shareholding of the following trading companies

NAME OF COMPANY

	Holding	Proportion Held	Nature of Business
Pinnacle Film & Board Sales Limited	Ordinary shares	100%	<i>Dormant</i>
Sheet and Roll Converters Limited	Ordinary shares	100%	<i>Dormant</i>
W Lunnon & Company Limited	Ordinary shares	100%	<i>Dormant</i>

14. STOCKS

	2012 £000	2011 £000
Finished goods and goods for resale	22,792	20,345

15 DEBTORS

	2012 £000	2011 £000
Trade debtors	53,414	63,366
Amounts owed by group undertakings	20,841	4,402
Other debtors	8,046	7,209
Prepayments and accrued income	1,436	1,469
Deferred tax asset (see note 18)	3,662	2,229
	87,399	78,675

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

15. DEBTORS (continued)

As set out in note 25 the trade debtors are part of a receivables securitisation program which the immediate parent company PaperlinX Netherlands Holdings B V , ("Group Company") entered into with ING Bank NV

**16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £000	2011 £000
Trade creditors	34,315	40,925
Amounts owed to group undertakings	18,486	16,381
Social security and other taxes	3,760	5,525
Accruals and deferred income	1,262	2,537
	57,823	65,368

**17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2012 £000	2011 £000
Amounts owed to group undertakings	23,122	20,958
	23,122	20,958

Creditors include amounts not wholly repayable within 5 years as follows

	2012 £000	2011 £000
Repayable other than by instalments	23,122	20,958
	23,122	20,958

18. DEFERRED TAX ASSET

	2012 £000	2011 £000
At beginning of year	2,229	-
Credit to profit and loss account	1,433	2,229
	3,662	2,229
At end of year		

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

18. DEFERRED TAX ASSET (continued)

The deferred tax asset is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	46	(136)
Tax losses carried forward	3,552	2,244
Other short term timing differences	64	121
	<u>3,662</u>	<u>2,229</u>

19. PROVISIONS

	Onerous leases £000	Restructuring provision £000
At 1 July 2011	753	932
Additions	(144)	(162)
At 30 June 2012	<u>609</u>	<u>770</u>

ONEROUS LEASES

The onerous lease provision relates to vacated property at Birmingham, Norwich and Liverpool with the provision representing management's best estimate of the costs to exit these leases. The leases expire in greater than one year from the balance sheet date.

RESTRUCTURING PROVISION

The restructuring provision relates primarily to redundancy costs to be incurred to streamline the business. The majority of these costs are expected to be incurred in the next 12 months.

20. SHARE CAPITAL

	2012 £000	2011 £000
ALLOTTED, CALLED UP AND FULLY PAID		
12,000,000 Ordinary shares shares of £1 each	<u>12,000</u>	<u>12,000</u>

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

21. RESERVES

	Other reserves £000	Profit and loss account £000
At 1 July 2011	37,225	(10,470)
Loss for the year	-	(2,839)
Pension reserve movement	-	(11,708)
	37,225	(25,017)
At 30 June 2012	37,225	(25,017)

The closing balance on the Profit and loss account includes £30,760,000 (2011 £21,324,000) debit, stated after deferred taxation of £9,712,000 (2011 £7,493,000), in respect of pension scheme liabilities of the company pension scheme

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	38,755	38,308
Loss for the year	(2,839)	(373)
Other recognised gains and losses during the year	(11,708)	820
	24,208	38,755
Closing shareholders' funds	24,208	38,755

23. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £967,113 (2011 £1,123,932). Contributions totalling £95,140 (2011 £99,023) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a defined benefit pension scheme.

The Company participates in the Robert Horne Group Pension Scheme, a group scheme. The Scheme has both defined benefit and defined contribution sections. The assets of the Scheme are held in a separate trustee administered fund.

The total net defined benefit pension cost for the year was £nil (2011 £nil). The contributions in respect of the defined contribution section are equal to the Company's contributions to the Scheme. The contributions in respect of the defined benefit section are determined by an independent qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was 31 December 2009. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of increase in salaries and price inflation. The following long-term annual rates were assumed for the valuation as at 31 December 2009:

Investment Return before retirement – 6% pa

Investment Return after retirement – 5% pa (5.0% pa for future retirements)

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

23. PENSION COMMITMENTS (continued)

Price Inflation – 3.5% pa

FRS 17 disclosures

The defined benefit plan is a final salary plan, which closed to future accrual on 30 June 2007

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under agreed group policy throughout the periods shown

	2012 £000	2011 £000
Present value of funded obligations	(136,468)	(124,315)
Fair value of scheme assets	95,996	95,498
	<hr/>	<hr/>
Deficit in scheme	(40,472)	(28,817)
Related deferred tax asset	9,712	7,493
	<hr/>	<hr/>
Net liability	<u>(30,760)</u>	<u>(21,324)</u>

The pension scheme assets include ordinary shares issued by Robert Horne Group Limited with a fair value of £nil (2011 £nil). Scheme assets also include property occupied by Robert Horne Group Limited with a fair value of £nil (2011 £nil).

The amounts recognised in profit or loss are as follows

	2012 £000	2011 £000
Interest on obligation	(6,718)	(6,339)
Expected return on scheme assets	6,647	5,532
Past service cost	-	(2,028)
	<hr/>	<hr/>
Total	<u>(71)</u>	<u>(2,835)</u>

Changes in the present value of the defined benefit obligation are as follows

	2012 £000	2011 £000
Opening defined benefit obligation	124,315	119,386
Interest cost	6,718	6,339
Actuarial losses	9,577	4,729
Past service costs	-	(2,028)
Benefits paid	(4,142)	(4,111)
	<hr/>	<hr/>
Closing defined benefit obligation	<u>136,468</u>	<u>124,315</u>

ROBERT HORNE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

23. PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets are as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	95,498	84,264
Expected return	6,647	5,532
Actuarial gains and (losses)	(5,127)	6,693
Contributions by employer	3,120	3,120
Benefits paid	(4,142)	(4,111)
	<u>95,996</u>	<u>95,498</u>

The past service cost is a credit within administrative expenses in the profit and loss account

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £14,704,000 (2011 £1,964,000 gain)

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002, and subsequently included by prior year adjustment paragraph 96 of FRS 17, is a gain of £18 435,000 (2011 £33,139,000)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2012	2011
Discount rate at 30 June	4.90 %	5.50 %
Expected return on scheme assets at 30 June	6.00 %	7.00 %

In valuing the liabilities of the pension fund at 30 June 2012, mortality assumptions have been made as indicated below

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pensioner aged 65-22 years (male)
- Future retiree (age 45) upon reaching 65-24 years (male)

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

23. PENSION COMMITMENTS (continued)

The history of the plans for the current and prior period is as follows

Balance sheet

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation	(136,468)	(124,315)	(119,386)	(105,502)	(100,235)
Scheme assets	95,996	95,498	84,264	69,419	81,175
Deficit	<u>(40,472)</u>	<u>(28,817)</u>	<u>(35,122)</u>	<u>(36,083)</u>	<u>(19,060)</u>
Experience adjustments on scheme liabilities	(9,577)	(4,729)	-	-	-
Experience adjustments on scheme assets	<u>(5,127)</u>	<u>6,693</u>	<u>-</u>	<u>-</u>	<u>-</u>

The company is currently paying contributions to its defined benefit plan of £3,120,000 per annum

24. OPERATING LEASE COMMITMENTS

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£000	£000	£000	£000
EXPIRY DATE:				
Within 1 year	25	-	1,219	178
Between 2 and 5 years	154	179	506	1,471
After more than 5 years	<u>2,407</u>	<u>2,283</u>	<u>-</u>	<u>-</u>

25. CONTINGENT LIABILITIES

The Company partakes in a receivables securitisation programme with ING Bank NV (ING) implemented in March 2010 by fellow group company PaperlinX Netherlands BV. This financing arrangement was renegotiated post 30 June 2012 and an amended agreement was executed on 20 February 2013. The amended agreement has an expiry date of September 2014 and includes covenants related to trading performance (tested on a quarterly, non-cumulative basis) and other restrictions and obligations including requirements for credit insurance.

ROBERT HORNE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

26. RELATED PARTY TRANSACTIONS

During the year, the company made transactions with other companies connected with the ultimate parent undertaking. In accordance with FRS8 the company is exempt from disclosing these transactions in detail as they are disclosed within the financial statements of the ultimate parent undertaking.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary undertaking of Robert Horne UK Limited.

The ultimate parent undertaking and controlling party is PaperInX Limited, incorporated in Australia, which is the largest and smallest group to consolidate these financial statements.

Copies of the PaperInX Limited consolidated financial statements may be obtained from the Company Secretary at PaperInX Limited, 7 Dalmore Drive, Scoresby, Victoria 3179, Australia.