P. P. Payne Limited

Directors' report and financial statements

Registered number 2018971

31 December 2018

Contents

Directors' report for the year ended 31 December 2018

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2018. In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Principal activities and business review

The Company is a wholly owned subsidiary of Essentra plc and its principal activity during the year was to act as a property rental company. There has been no significant change in the Company's activities since the balance sheet date and none is anticipated.

The Company's net asset position has improved from £880,000 to £1,015,000 as a result of the reported profit.

The activities of the Company are in line with the operational strategy of Essentra plc, of which P. P. Payne Limited is a subsidiary. Further details of Essentra plc's Group strategy can be found in the Group Business Review on pages 4 to 17 of the Strategic Report of the Essentra plc Annual Report 2018. The Essentra plc Annual Report 2018 does not form part of this report, but is referred to where relevant for the purposes of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Essentra Group and are not managed separately. The principal risks and uncertainties of the Essentra Group, which include those of the Company, are discussed on pages 30 to 41 of the Essentra plc Annual Report 2018.

Key performance indicators

The Directors of Essentra plc manage the Group's operations on a Group and Divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Results and dividends

The profit for the financial year was £135,000 (2017: £132,000).

No dividends were paid or proposed during the current or prior financial year.

Policy and practice on payment of creditors

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions.

Directors

The Directors who held office during the year and up to the date of this report were as follows:

J Green	
L Liu	(appointed 15 November 2018)
S Schellinger	(resigned 15 November 2018)

Directors' report for the year ended 31 December 2018 *(continued)*

Going concern

The Company participates in the Essentra Group centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow UK subsidiaries. Despite the net current liability position of the Company, the Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements. On the basis that Essentra plc has agreed in writing to provide financial and other support to the Company for the twelve months from the date of approval of these financial statements, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements.

Directors' indemnities

During the financial year and at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors and the Company Secretary to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a Director or officer of the Company.

Directors' statement as to disclosure of information to the auditors
In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report for the year ended 31 December 2018 *(continued)*

Statement of Directors' responsibilities (continued)

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.
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.

On behalf of the Board

Patricia Kendall
Company Secretary

28th June 2019

Registered Office:
Avebury House
201-249 Avebury Boulevard
Milton Keynes
MK9 1AU

Independent auditors' report to the members of P. P. Payne Limited

Report on the audit of the financial statements

Opinion

In our opinion, P. P. Payne Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

Independent auditors' report to the members of P. P. Payne Limited (continued)

Reporting on other information (continued)

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

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of P. P. Payne Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

28 June 2019

Statement of comprehensive income

for the year ended 31 December 2018

	Note	**2018**	2017
		£000	£000
Turnover	*3*	**415**	415
Cost of sales		**(25)**	(25)
Gross profit		**390**	390
Administrative income / (expenses)		**2**	(3)
Operating profit	*4*	**392**	387
Interest payable and similar expenses	*6*	**(221)**	(217)
Profit before taxation		**171**	170
Tax on profit	*7*	**(36)**	(38)
Profit and total comprehensive income for the financial year		**135**	132

Balance sheet

at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	*8*		**5,750**		5,775
Current assets					
Debtors	9	**1**		104	
Cash at bank and in hand		**-**		-	
		1		104	
Creditors: amounts falling due within one year	*10*	**(4,736)**		(4,999)	
Net current liabilities			**(4,735)**		(4,895)
Total assets less current liabilities			**1,015**		880
Net assets			**1,015**		880
Capital and reserves					
Called up share capital	*11*		**100**		100
Share premium account			**867**		867
Retained earnings / (accumulated losses)			**48**		(87)
Shareholder's funds: equity			**1,015**		880

The financial statements on pages 7 to 15 were approved by the board of Directors on 28th June 2019 and were signed on its behalf by:

L Liu
Director

Statement of changes in equity

for the year ended 31 December 2018

	Called up share capital	Share premium account	(Accumulated losses) / Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 January 2017	**100**	**867**	**(219)**	**748**
Profit for the financial year	-	-	132	132
Total comprehensive income for the year	**-**	**-**	**132**	**132**
Balance at 31 December 2017	**100**	**867**	**(87)**	**880**
Profit for the financial year	-	-	135	135
Total comprehensive income for the year	**-**	**-**	**135**	**135**
Balance at 31 December 2018	**100**	**867**	**48**	**1,015**

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

The Company is incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU, England. The Company is a private company limited by shares.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company's ultimate parent undertaking, Essentra plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Essentra plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of paragraph 45(b) and 46-52 of IFRS 2 *Share-Based Payment*;
- the requirements of paragraphs 62, B64(b), B64(e), B64(g), B64(h), B64(j) to B64(m), b64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*;
- the requirement of IFRS 7 *Financial Instruments: Disclosures*;
- the requirement of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 *Property, Plant and Equipment* and paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Where required, equivalent disclosures are given in the consolidated financial statements of Essentra plc.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies (continued)

Going concern

The Company participates in the Essentra Group centralised treasury arrangements. Despite the net current liability position of the Company, the Directors have no reason to believe that a material uncertainty exists that casts significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements. On the basis that Essentra plc has agreed in writing to provide financial and other support to the Company for the twelve months from the date of approval of these financial statements, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis of accounting in preparing the financial statements.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the Company.

Turnover

Turnover is recognised when the significant risks and rewards of ownership have been transferred to the customer. It represents the amounts (excluding value added tax) derived from property rental during the year.

Taxation

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet dates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

The freehold property held by the Company is leased to another group company within the Essentra group. It is accounted for using the cost model under IAS 40 Investment Property as a tangible fixed asset.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items. The carrying values of tangible fixed assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Tangible fixed assets are depreciated over their estimated remaining useful lives on a straight line basis at the following annual rates:

Freehold land and buildings	Land not depreciated, buildings 2%

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Impairment

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise receivables in the balance sheet.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised accordingly using the effective interest method.

Financial liabilities

Interest bearing loans and borrowings and other financial liabilities (excluding derivatives) are initially recognised at fair value net of transaction costs incurred. They are subsequently held at amortised cost using the effective interest method. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

2 Critical accounting judgements and estimates

The Directors consider that there are no significant accounting judgements or estimates that are critical in the preparation of these financial statements.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

3 Turnover

All turnover arises from property rental within the United Kingdom.

4 Operating profit

	2018	2017
	£000	£000
Operating profit is stated after charging:		
Depreciation of tangible assets	**25**	25

	2018	2017
	£000	£000
Auditors' remuneration:		
Audit of these financial statements	**3**	3

5 Remuneration of Directors, staff numbers and costs

The Company had no employees in either the current or prior year. The Directors did not receive any fees or emoluments from the Company during the year (2017: £nil) directly attributable to their position within the Company. All Directors' fees or emoluments were paid by Essentra International Limited. The amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated. No recharge has been made in the current or prior years for the services of the Directors.

6 Interest payable and similar expenses

	2018	2017
	£000	£000
Payable to group undertakings	**221**	217

7 Taxation

a) Amounts charged / (credited) in the income statement

	2018	2017
	£000	£000
UK corporation tax		
Current tax	**37**	38
Adjustments in respect of prior years	**(1)**	-
Tax on profit	**36**	38

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

7 Taxation (continued)

b) Factors affecting the tax charge for the year

The total tax charge on profit before tax differs to the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The tax charge is higher than (2017: higher than) the standard rate and the differences are explained below:

	2018 £000	2017 £000
Profit before taxation	**171**	170
Tax on profit at 19% (2017: 19.25%)	**32**	33
Effects of:		
Expenses not deductible for tax purposes	**5**	5
Adjustments in respect of prior periods	**(1)**	-
Total tax charge reported in the income statement (see above)	**36**	38

c) Change in corporation tax rate

The UK corporate tax rate was reduced from 20% to 19% on 1 April 2017. Further reductions to 17% (effective from 1 April 2020) were substantively enacted on 15 September 2016.

8 Tangible assets

	Freehold land and buildings £000
Cost	
At beginning and end of year	7,206
Depreciation	
At beginning of year	1,431
Charge for the year	25
At end of year	1,456
Net book value	
At 31 December 2018	**5,750**
At 31 December 2017	5,775

Included within land and buildings is land stated at £4,759,000 (2017: £4,759,000) which incurred an impairment charge of £1,131,000 in 2008.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

9 Debtors

	2018	2017
	£000	£000
Amounts owed to group undertakings	1	104

Amounts owed by group undertakings are trading balances under normal commercial terms and interest is not charged.

10 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed to group undertakings	4,592	4,852
Corporation tax	37	39
Accruals and deferred income	107	108
	4,736	4,999

Included in amounts owed to group undertakings is an amount of £4,592,000 (2017: £4,852,000) owed to Essentra Finance Limited, which carries on the business of group financing for Essentra plc, the Company's ultimate parent company. The balance is repayable on demand, unsecured and interest is charged at a rate set with reference to the Bank of England base rate.

11 Called up share capital

	2018	2017
	£000	£000
Issued and fully paid ordinary shares of £1 (2017: £1) each	100	100
Number of ordinary shares in issue		
At beginning and end of year	100,000	100,000

12 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company's immediate parent undertaking is ESNT Packaging & Securing Solutions Limited, a company incorporated in England and Wales.

The ultimate parent company is Essentra plc, a Company incorporated in England and Wales. This is the only group in which the results of the company are consolidated.

The consolidated financial statements of Essentra plc are available to the public and may be obtained from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.