

**ABBAY MASTERBATCH LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

SATURDAY



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FOR THE YEAR ENDED 31 DECEMBER 2012**

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**ABBAY MASTERBATCH LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**DIRECTORS**

Mr J M Shirt  
Mrs R J Shirt  
Mrs L C Mather  
Mr M A Shirt  
Mr R J Shirt

**SECRETARIES.**

Mr J M Shirt  
Mrs L C Mather

**REGISTERED OFFICE**

Whitelands Mill  
Whitelands Road  
Ashton Under Lyne  
Lancashire  
OL6 6UG

**REGISTERED NUMBER:**

01793834 (England and Wales)

**AUDITORS.**

Livesey Spottiswood Ltd  
Chartered Accountants and  
Registered Auditors  
17 George Street  
St Helens  
Merseyside  
WA10 1DB

**BANKERS:**

National Westminster Bank Plc  
5 Ormskirk Street  
St Helens  
Merseyside  
WA10 1DR

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were those of the production of thermoplastic compounds, powders and resins for the plastics industry, together with pigment dispersions and concentrates for the paint and ink industries

**REVIEW OF BUSINESS**

The directors are pleased to report another year of increased growth

The directors still consider both turnover and gross profit to be key indicators of its performance, plus a strong presence in the export market as a key to future success and continued development

The directors are confident that the continued growth will continue into the current year due to the company's reputation in the market place and their strong financial position

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2012 will be £534,190

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

Mr J M Shirt  
Mrs R J Shirt  
Mrs L C Mather  
Mr M A Shirt  
Mr R J Shirt

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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,
- 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**AUDITORS**

The auditors, Livesey Spottiswood Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

**ON BEHALF OF THE BOARD:**

  
Mr J M Shirt - Secretary

10 July 2013

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
ABBEY MASTERBATCH LIMITED**

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We have audited the financial statements of Abbey Masterbatch Limited for the year ended 31 December 2012 on pages four to thirteen. 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 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 31 December 2012 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.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**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.

 BA FCA

David Hudd BA FCA (Senior Statutory Auditor)  
for and on behalf of Livesey Spottiswood Ltd  
Chartered Accountants and  
Registered Auditors  
17 George Street  
St Helens  
Merseyside  
WA10 1DB

10 July 2013

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>TURNOVER</b>	2	9,937,167	9,775,925
Cost of sales		(7,960,739)	(7,955,536)
<b>GROSS PROFIT</b>		1,976,428	1,820,389
Distribution costs		(145,511)	(166,400)
Administrative expenses		(844,951)	(820,129)
<b>OPERATING PROFIT</b>	4	985,966	833,860
Interest receivable and similar income		1,288	658
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		987,254	834,518
Tax on profit on ordinary activities	5	(241,714)	(199,768)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		745,540	634,750
Retained profit brought forward		2,553,697	2,162,847
		3,299,237	2,797,597
Dividends	6	(534,190)	(250,000)
Transfer between reserves		6,100	6,100
<b>RETAINED PROFIT CARRIED FORWARD</b>		2,771,147	2,553,697

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

**BALANCE SHEET**  
**31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	7	746,116	848,116
<b>CURRENT ASSETS</b>			
Stocks	8	375,746	402,901
Debtors	9	1,396,436	1,826,956
Cash at bank and in hand		1,757,133	937,662
		<u>3,529,315</u>	<u>3,167,519</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>1,073,822</u>	<u>1,014,076</u>
<b>NET CURRENT ASSETS</b>		<u>2,455,493</u>	<u>2,153,443</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,201,609</u>	<u>3,001,559</u>
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>52,700</u>	<u>64,000</u>
<b>NET ASSETS</b>		<u><u>3,148,909</u></u>	<u><u>2,937,559</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	47,000	47,000
Revaluation reserve	16	330,762	336,862
Profit and loss account		<u>2,771,147</u>	<u>2,553,697</u>
<b>SHAREHOLDERS' FUNDS</b>	19	<u><u>3,148,909</u></u>	<u><u>2,937,559</u></u>

The financial statements were approved by the Board of Directors on 10 July 2013 and were signed on its behalf by

  
Mr J M Shire - Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	1	1,663,415	767,789
<b>Returns on investments and servicing of finance</b>	2	1,288	658
<b>Taxation</b>		(223,764)	(232,768)
<b>Capital expenditure</b>	2	(25,960)	(45,538)
<b>Equity dividends paid</b>		(534,190)	(250,000)
<b>Increase in cash in the period</b>		<u>880,789</u>	<u>240,141</u>

**Reconciliation of net cash flow  
to movement in net funds**

	3		
Increase in cash in the period		<u>880,789</u>	<u>240,141</u>
Change in net funds resulting from cash flows		<u>880,789</u>	<u>240,141</u>
<b>Movement in net funds in the period</b>		<u>880,789</u>	<u>240,141</u>
<b>Net funds at 1 January</b>		<u>876,344</u>	<u>636,203</u>
<b>Net funds at 31 December</b>		<u>1,757,133</u>	<u>876,344</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	985,966	833,860
Depreciation charges	127,960	135,490
Decrease in stocks	27,155	146,478
Decrease/(increase) in debtors	430,520	(238,727)
Increase/(decrease) in creditors	91,814	(109,312)
<b>Net cash inflow from operating activities</b>	<b>1,663,415</b>	<b>767,789</b>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,288	658
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>1,288</b>	<b>658</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(25,960)	(45,538)
<b>Net cash outflow for capital expenditure</b>	<b>(25,960)</b>	<b>(45,538)</b>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/12 £	Cash flow £	At 31/12/12 £
Net cash			
Cash at bank and in hand	937,662	819,471	1,757,133
Bank overdraft	(61,318)	61,318	-
	<b>876,344</b>	<b>880,789</b>	<b>1,757,133</b>
<b>Total</b>	<b>876,344</b>	<b>880,789</b>	<b>1,757,133</b>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention subject to the revaluation of certain fixed assets

The company has taken advantage of the exemptions of Financial Reporting Standard No 8 on the grounds that it is a wholly owned subsidiary, it is included in the consolidated accounts of ATL Industries Limited and those accounts are publicly available as detailed in note 17 Accordingly, no disclosure is made of transactions with other group undertakings or investees of the group qualifying as related parties

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax

**Tangible fixed assets**

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

Freehold property	- 2% on cost
Plant and machinery	- 15% Straight line
Office equipment	- 15% Straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction Exchange differences are taken into account in arriving at the operating result

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

**Leased assets**

Rentals payable under operating leases are charged against profits on a straight line basis over the periods of the leases Assets acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated in accordance with the accounting policy on depreciation, the related obligations, net of finance costs allocated to future periods are included in creditors Finance costs are charged against profits on a straight line basis over the periods of the contracts

**Employee benefit trusts**

The company has established trusts for the benefit of employees and certain of their dependants Monies held in these trusts are held by independent trustees and managed at their discretion

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate

**2 TURNOVER**

The turnover was derived from the company's principal activities

During the year, the company exported 65% of its turnover (2011 - 65%)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012

3 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	816,999	823,108
Social security costs	86,803	85,493
Other pension costs	190,000	150,000
	<u>1,093,802</u>	<u>1,058,601</u>

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

	2012	2011
Management and administration	9	8
Production	29	30
	<u>38</u>	<u>38</u>

4 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation - owned assets	127,960	135,490
Auditors' remuneration	5,950	5,250
	<u>133,910</u>	<u>140,740</u>
Directors' remuneration	277,168	256,047
Directors' pension contributions to money purchase schemes	190,000	150,000
	<u>467,168</u>	<u>406,047</u>

The number of directors to whom retirement benefits were accruing was as follows

	2012	2011
Money purchase schemes	<u>2</u>	<u>2</u>

The exceptional item is in respect of a contribution to the company's Employee Benefit Trust

Information regarding the highest paid director is as follows

	2012	2011
	£	£
Emoluments etc	80,273	79,656
Pension contributions to money purchase schemes	<u>95,000</u>	<u>75,000</u>

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	253,250	224,000
Prior periods	(236)	(232)
Total current tax	<u>253,014</u>	<u>223,768</u>
Deferred tax	<u>(11,300)</u>	<u>(24,000)</u>
Tax on profit on ordinary activities	<u>241,714</u>	<u>199,768</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012

5 **TAXATION - continued**

**Factors affecting the tax charge**

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

	2012 £	2011 £
Profit on ordinary activities before tax	987,254	834,518
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	256,686	233,665
Effects of		
Expenses not deductible for tax purposes	490	1,826
Depreciation in excess of capital allowances	16,919	11,215
Adjustments to tax charge in respect of previous periods	(236)	(232)
Changes in tax rates	(15,842)	(13,275)
Marginal rate relief	(5,012)	(9,665)
Rounding	9	234
Current tax charge	253,014	223,768

6 **DIVIDENDS**

	2012 £	2011 £
Dividends paid	534,190	250,000

7 **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Office equipment £	Totals £
<b>COST</b>				
At 1 January 2012	638,877	2,682,527	65,658	3,387,062
Additions	-	14,936	11,024	25,960
At 31 December 2012	638,877	2,697,463	76,682	3,413,022
<b>DEPRECIATION</b>				
At 1 January 2012	265,614	2,227,033	46,299	2,538,946
Charge for year	9,348	113,283	5,329	127,960
At 31 December 2012	274,962	2,340,316	51,628	2,666,906
<b>NET BOOK VALUE</b>				
At 31 December 2012	363,915	357,147	25,054	746,116
At 31 December 2011	373,263	455,494	19,359	848,116

The freehold property was professionally valued during 1990 by Fellows of the Royal Institute of Chartered Surveyors at an open market value on a current use basis. The valuation has not been updated as the transitional arrangements of FRS15 have been followed.

The historical cost of the freehold land and buildings included at valuation amounted to £194,197 (2011 - £194,197) and the accumulated depreciation thereon amounts to £107,726 (2011 - £104,474).

No provision for deferred taxation has been made in respect of potential capital gains on the disposal of the freehold property since it is not envisaged that the property will be disposed of in the near future. If the asset were disposed of at its revalued amount the potential liability would be £27,000 (2011 - £36,000).

The historical cost of the freehold land and buildings includes land with a value of £31,500 (2011 - £31,500) on which no depreciation charge is made.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012

8 STOCKS

	2012	2011
	£	£
Stock and work in progress	375,746	402,901

9 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	994,252	1,194,834
Amounts owed by group undertakings	230,597	475,470
Other debtors	6,481	6,481
Amounts owed by related parties	12,497	12,497
VAT	134,427	121,087
Prepayments	18,182	16,587
	1,396,436	1,826,956

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts (see note 11)	-	61,318
Trade creditors	436,671	355,660
Corporation tax	253,250	224,000
Social security and other taxes	30,370	27,070
Other creditors	9,468	8,678
Directors' current accounts	7,961	7,961
Accrued expenses	336,102	329,389
	1,073,822	1,014,076

11 LOANS

An analysis of the maturity of loans is given below

	2012	2011
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	-	61,318

12 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	2012	2011
	£	£
Expiring		
Within one year	7,567	-
Between one and five years	2,603	23,508
	10,170	23,508

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012

13 SECURED DEBTS

The following secured debts are included within creditors

	2012	2011
	£	£
Bank overdraft	-	61,318

The bank borrowings in the previous year were secured by a fixed and floating charge over the company's assets

14 PROVISIONS FOR LIABILITIES

	2012	2011
	£	£
Deferred tax		
Accelerated capital allowances	52,700	64,000
		Deferred tax
		£
Balance at 1 January 2012		64,000
Movement in the year		(11,300)
Balance at 31 December 2012		52,700

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£	£
47,000	Ordinary	£1	47,000	47,000

16 OTHER RESERVES

	Revaluation reserve
	£
At 1 January 2012	336,862
Transfer between reserves	(6,100)
At 31 December 2012	330,762

17 ULTIMATE PARENT COMPANY

The company's ultimate parent company and controlling party is ATL Industries Limited, a company incorporated in England and Wales. ATL Industries Limited holds 100% of the issued share capital of the company.

18 RELATED PARTY DISCLOSURES

During the year, the company's parent company has been ATL Industries Limited, a company incorporated in England and Wales. The ultimate controlling party is Mr J M Shirt the majority shareholder of ATL Industries Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	745,540	634,750
Dividends	(534,190)	(250,000)
<b>Net addition to shareholders' funds</b>	<b>211,350</b>	<b>384,750</b>
Opening shareholders' funds	2,937,559	2,552,809
<b>Closing shareholders' funds</b>	<b>3,148,909</b>	<b>2,937,559</b>