

**ABBEY MASTERBATCH LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

WEDNESDAY



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FOR THE YEAR ENDED 31 DECEMBER 2015**

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**ABBEY MASTERBATCH LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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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  
Statutory Auditors  
17 George Street  
St Helens  
Merseyside  
WA10 1DB

**BANKERS:**

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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their strategic report for the year ended 31 December 2015.

During the year, the company's main activities continued to be 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 consider both turnover and gross profit percentage to be key indicators of its performance.

Turnover in the year has decreased by 9.4% to £9,311,956 from £10,278,881 in 2014. The decrease in turnover is mainly attributable to a reduction in exports, primarily due to adverse movements in foreign currency exchange rates during the year and the uncertainty surrounding the UK's involvement within the European Union. The directors consider a strong presence in the export market to be central to the company's growth.

The company gross profit percentage for the year has increased by 0.4% in comparison with the previous year to 21.9%.

The reduction in turnover has also contributed to a decrease in operating profit for the year of £531,060 (46.5%).

The reduction in profit before tax is partly due to the company's continued expenditure on research and development projects which the directors believe will result in a competitive edge going forward. In addition, the company has begun the installation of an additional production line, which will be fully operational in 2016 and based on these factors, the directors are confident of growth in the current year.


**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider the company's principal business risks and uncertainties to be the increasing competition from emerging markets and the potential volatility of currency exchange rates.

As the Asian economies continue to expand further into world markets, there will undoubtedly become increased competition across all industries. However, the directors are confident that the products manufactured by the company will be of sufficiently higher quality than those produced by any new entrants to the marketplace to negate any potential loss of market share.

The directors believe that the current political climate will have a detrimental effect on the exchange rates between Sterling and other currencies. At present the directors do not consider this to be a major risk, however, should circumstances change the directors would consider strategies to mitigate these risks.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr J M Shirt - Secretary

Date: 11/8/16  
.....

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2015 will be £235,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 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

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

A qualifying third party indemnity provision as defined in section 234 of the Companies Act 2006, applicable to all of the company's directors was in place during the financial year and continues to be in force as at the date these financial statements were approved.

**MATTERS COVERED IN THE STRATEGIC REPORT**

The company has chosen in accordance with section 414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

**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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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:

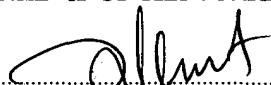
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr J M Shirt - Secretary

Date: 11/8/16

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

We have audited the financial statements of Abbey Masterbatch Limited for the year ended 31 December 2015 on pages five to nineteen. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 three, 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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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.

*David Hudd BA FCA*

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

Date: 12/8/16

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £	2014 £
<b>TURNOVER</b>	2	9,311,956	10,278,881
Cost of sales		(7,274,440)	(8,073,642)
<b>GROSS PROFIT</b>		2,037,516	2,205,239
Distribution costs		(133,649)	(147,795)
Administrative expenses		(1,291,721)	(914,238)
<b>OPERATING PROFIT</b>	4	612,146	1,143,206
Interest receivable and similar income		11,470	8,335
		623,616	1,151,541
Interest payable and similar charges	5	-	(5)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		623,616	1,151,536
Tax on profit on ordinary activities	6	291,703	(223,840)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		915,319	927,696
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		915,319	927,696

**BALANCE SHEET**  
**31 DECEMBER 2015**

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,949,399	1,829,703
<b>CURRENT ASSETS</b>			
Stocks	9	702,553	482,553
Debtors	10	1,456,087	1,482,869
Cash at bank and in hand		3,516,556	2,703,962
		<u>5,675,196</u>	<u>4,669,384</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>1,369,480</u>	<u>927,991</u>
<b>NET CURRENT ASSETS</b>		<u>4,305,716</u>	<u>3,741,393</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,255,115</u>	<u>5,571,096</u>
<b>PROVISIONS FOR LIABILITIES</b>	13	<u>247,400</u>	<u>243,700</u>
<b>NET ASSETS</b>		<u><u>6,007,715</u></u>	<u><u>5,327,396</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	47,000	47,000
Freehold property revaluation reserve	15	949,425	953,113
Retained earnings	15	5,011,290	4,327,283
<b>SHAREHOLDERS' FUNDS</b>		<u><u>6,007,715</u></u>	<u><u>5,327,396</u></u>

The financial statements were approved by the Board of Directors on 11/8/16 and were signed on its behalf by:



Mr J M Shirt - Director



STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Freehold property revaluation reserve £	Total equity £
<b>Balance at 1 January 2014</b>	47,000	3,758,099	969,601	4,774,700
<b>Changes in equity</b>				
Dividends	-	(375,000)	-	(375,000)
Total comprehensive income	-	944,184	(16,488)	927,696
<b>Balance at 31 December 2014</b>	47,000	4,327,283	953,113	5,327,396
<b>Changes in equity</b>				
Dividends	-	(235,000)	-	(235,000)
Total comprehensive income	-	919,007	(3,688)	915,319
<b>Balance at 31 December 2015</b>	47,000	5,011,290	949,425	6,007,715

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £	2014 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,269,125	1,410,747
Interest paid		-	(5)
Tax paid		31,638	(320,175)
Net cash from operating activities		<u>1,300,763</u>	<u>1,090,567</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(264,639)	(405,846)
Sale of tangible fixed assets		-	15,020
Interest received		11,470	8,335
Net cash from investing activities		<u>(253,169)</u>	<u>(382,491)</u>
<b>Cash flows from financing activities</b>			
Amount withdrawn by directors		-	(7,961)
Equity dividends paid		(235,000)	(375,000)
Net cash from financing activities		<u>(235,000)</u>	<u>(382,961)</u>
<b>Increase in cash and cash equivalents</b>		<u>812,594</u>	<u>325,115</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>2,703,962</u>	<u>2,378,847</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>3,516,556</u></u>	<u><u>2,703,962</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	2015	2014
	£	£
Profit before taxation	623,616	1,151,536
Depreciation charges	144,943	129,362
Loss on disposal of fixed assets	-	14,135
Finance costs	-	5
Finance income	(11,470)	(8,335)
	<u>757,089</u>	<u>1,286,703</u>
Increase in stocks	(220,000)	(113,016)
Decrease in trade and other debtors	79,282	259,386
Increase/(decrease) in trade and other creditors	<u>652,754</u>	<u>(22,326)</u>
<b>Cash generated from operations</b>	<u><u>1,269,125</u></u>	<u><u>1,410,747</u></u>

2. CASH AND CASH EQUIVALENTS

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

**Year ended 31 December 2015**

	31/12/15	1/1/15
	£	£
Cash and cash equivalents	<u><u>3,516,556</u></u>	<u><u>2,703,962</u></u>

**Year ended 31 December 2014**

	31/12/14	1/1/14
	£	£
Cash and cash equivalents	<u><u>2,703,962</u></u>	<u><u>2,378,847</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

Abbey Masterbatch Limited is a private company limited by shares, incorporated in England & Wales. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the company's operations and principal activities are as detailed in the Strategic report on page 2.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated. The company has adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is given in note 21 and the reconciliations of equity and profit.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies as set out below, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

**Valuation of freehold property**

As described in note 8 to the financial statements, freehold property is stated at deemed cost based on a valuation performed by an independent professional valuer with experience in the location and category of property valued. The valuer used an open market basis for the valuation.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

**Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets (except freehold land) at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold property	- 2% straight line
Plant and machinery	- 15% straight line
Office equipment	- 15% straight line

Assets are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit and loss unless the asset is carried at a revalued amount, where the impairment loss is a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all direct production costs, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in-first-out formula. Provision is made for damaged, obsolete and slow moving stock where appropriate.

**Taxation**

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued tangible fixed assets is measured using the rates and allowances that apply to the sale of the asset.

**Related parties**

For the purposes of these financial statements, a party is considered to be related to the company if:

1. the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating decisions, or has joint control over the company;
2. the company and the party are subject to common control;
3. the party is an associate of the company or a joint venture in which the company is a venturer;
4. the party is a member of key management personnel of the company or the company's parent, or close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
5. the party is a close family member of a party referred to in (1) or is an entity under the control, joint control or significant influence of such individuals; or
6. the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**Foreign currencies**

Transactions in currencies, other than the functional currency of the company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the profit and loss account.

**Employee benefits**

When employees have rendered services to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid for that service.

The company operates a defined contribution plan for the benefit of its directors and employees. Contributions are expensed as they become payable.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

**Leased assets**

Assets that are held by the company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Debtors and creditors receivable/ payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

2. TURNOVER

The turnover was derived from the company's principal activities.

During the year, the company exported 62% of its turnover (2014 - 62%).

3. STAFF COSTS

	2015 £	2014 £
Wages and salaries	1,356,081	1,033,559
Social security costs	150,066	108,480
Other pension costs	16,266	60,000
	<u>1,522,413</u>	<u>1,202,039</u>

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

	2015	2014
Management and administration	11	10
Production	33	30
	<u>44</u>	<u>40</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation - owned assets	144,943	129,362
Loss on disposal of fixed assets	-	14,135
Auditors' remuneration	6,850	6,750
Operating lease payments	62,025	27,373
Foreign currency exchange rate variances	29,917	19,998
	<u>243,735</u>	<u>197,618</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

4. OPERATING PROFIT - continued

Directors' remuneration	646,629	373,071
Directors' pension contributions to money purchase schemes	10,903	60,000
	<u>          </u>	<u>          </u>

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

Money purchase schemes	3	2
	<u>          </u>	<u>          </u>

Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Emoluments etc	250,521	129,549
	<u>          </u>	<u>          </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank interest	-	5
	<u>          </u>	<u>          </u>

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2015	2014
	£	£
Current tax:		
UK corporation tax	(52,500)	211,300
Prior periods	(242,903)	140
Total current tax	<u>(295,403)</u>	<u>211,440</u>
Deferred tax:		
In respect of accelerated capital allowances	16,700	36,400
In respect of revalued property	(13,000)	(24,000)
Total deferred tax	<u>3,700</u>	<u>12,400</u>
Tax on profit on ordinary activities	<u>(291,703)</u>	<u>223,840</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

6. TAXATION - continued

**Reconciliation of total tax (credit)/charge included in profit and loss**

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

	2015 £	2014 £
Profit on ordinary activities before tax	623,616	1,151,536
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	124,723	241,823
Effects of:		
Expenses not deductible for tax purposes	9,565	963
Capital allowances in excess of depreciation	(25,776)	(34,457)
Adjustments to tax charge in respect of previous periods	(242,903)	140
Research and development claim	(157,625)	-
Changes in tax rates	(3,666)	4,892
Marginal rate relief	-	(1,896)
Rounding	279	(25)
Movement on deferred tax provision	3,700	12,400
Total tax (credit)/charge	(291,703)	223,840

7. DIVIDENDS

	2015 £	2014 £
Dividends paid	235,000	375,000

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £	Totals £
<b>COST</b>				
At 1 January 2015	1,295,155	3,071,593	98,824	4,465,572
Additions	10,504	242,907	11,228	264,639
At 31 December 2015	1,305,659	3,314,500	110,052	4,730,211
<b>DEPRECIATION</b>				
At 1 January 2015	20,938	2,549,912	65,019	2,635,869
Charge for year	23,086	113,245	8,612	144,943
At 31 December 2015	44,024	2,663,157	73,631	2,780,812
<b>NET BOOK VALUE</b>				
At 31 December 2015	1,261,635	651,343	36,421	1,949,399
At 31 December 2014	1,274,217	521,681	33,805	1,829,703

The freehold property is included at an amount to reflect revaluation at 1 January 2014 at fair value using the existing use method following an independent valuation.

The historical cost of the freehold property included at valuation amounted to £355,024 (2014 - £344,520) and the accumulated depreciation thereon amounts to £10,646 (2014 - £4,249).

The historical cost of the freehold property includes land with a value of £26,145 (2014 - £26,145) on which no depreciation charge is made.

9. STOCKS

	2015 £	2014 £
Stock and work in progress	702,553	482,553



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade debtors	774,075	991,346
Amounts owed by group undertakings	434,191	333,343
Other debtors	4,474	13,660
Corporation tax	52,500	-
VAT	166,001	118,756
Prepayments	24,846	25,764
	<u>1,456,087</u>	<u>1,482,869</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade creditors	625,496	228,363
Corporation tax	-	211,265
Social security and other taxes	30,297	28,494
Other creditors	10,608	6,361
Accrued expenses	703,079	453,508
	<u>1,369,480</u>	<u>927,991</u>

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2015	2014
	£	£
Within one year	6,733	-
Between one and five years	8,155	39,402
In more than five years	700,000	-
	<u>714,888</u>	<u>39,402</u>

The company leases one of the buildings from which it operates from The Shirt Family Pension Fund at an amount of £35,000 per annum until 31 December 2035. The first review date of the annual rental amount is 4 January 2020 and every five years thereafter.

13. PROVISIONS FOR LIABILITIES

	2015	2014
	£	£
Deferred tax		
Accelerated capital allowances	115,400	98,700
On revalued property	132,000	145,000
	<u>247,400</u>	<u>243,700</u>

	Deferred tax
	£
Balance at 1 January 2015	243,700
Movement in the year	3,700
Balance at 31 December 2015	<u>247,400</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2015	2014
Number:	Class:	Nominal value:	£	£
47,000	Ordinary	£1	<u>47,000</u>	<u>47,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

15. OTHER RESERVES

	Retained earnings £	Freehold property revaluation reserve £	Totals £
At 1 January 2015	4,327,283	953,113	5,280,396
Profit for the year	915,319	-	915,319
Dividends	(235,000)	-	(235,000)
Transfer for depreciation charged on revalued assets	16,688	(16,688)	-
Deferred tax movement on revalued property	(13,000)	13,000	-
At 31 December 2015	<u>5,011,290</u>	<u>949,425</u>	<u>5,960,715</u>

16. PENSION COMMITMENTS

The company operates defined contribution pension schemes on behalf of certain employees and directors. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions paid during the year amounted to £16,266 (2014 - £60,000). At 31 December 2015, £2,566 (2014 - £Nil) was payable in respect of outstanding pension contributions.

17. ULTIMATE PARENT COMPANY

The company's ultimate parent company 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. CAPITAL COMMITMENTS

	2015 £	2014 £
Contracted but not provided for in the financial statements	<u>92,576</u>	<u>-</u>

19. RELATED PARTY DISCLOSURES

During the year, the company has sold land amounting to £Nil (2014 - £20,000), recharged building costs amounting to £Nil (2014 - £272,788) and paid rent amounting to £35,000 (2014 - £Nil) to The Shirt Family Pension Fund, a fund in which the directors Mr M A Shirt and Mr R J Shirt are beneficiaries.

20. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the director, Mr J M Shirt by virtue of his controlling interest in the company's ultimate parent company, ATL Industries Limited.

21. FIRST YEAR ADOPTION

**Transitional relief**

On transition to FRS 102, the company has taken advantage of the following transitional relief:

- to measure fair value at date of transition to FRS 102 and use as deemed cost on an item of property, plant and equipment.

**RECONCILIATION OF EQUITY**  
**1 JANUARY 2014**  
**(DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		768,435	813,939	1,582,374
<b>CURRENT ASSETS</b>				
Stocks		369,537	-	369,537
Debtors		1,742,255	-	1,742,255
Cash at bank and in hand		2,378,847	-	2,378,847
		4,490,639	-	4,490,639
<b>CREDITORS</b>				
Amounts falling due within one year		(1,067,013)	-	(1,067,013)
<b>NET CURRENT ASSETS</b>		3,423,626	-	3,423,626
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,192,061	813,939	5,006,000
<b>PROVISIONS FOR LIABILITIES</b>		(62,300)	(169,000)	(231,300)
<b>NET ASSETS</b>		4,129,761	644,939	4,774,700
<b>CAPITAL AND RESERVES</b>				
Called up share capital		47,000	-	47,000
Freehold property revaluation reserve		324,662	644,939	969,601
Retained earnings		3,758,099	-	3,758,099
<b>SHAREHOLDERS' FUNDS</b>		4,129,761	644,939	4,774,700

The notes form part of these financial statements

RECONCILIATION OF EQUITY - continued  
31 DECEMBER 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		1,026,352	803,351	1,829,703
<b>CURRENT ASSETS</b>				
Stocks		482,553	-	482,553
Debtors		1,482,869	-	1,482,869
Cash at bank and in hand		2,703,962	-	2,703,962
		4,669,384	-	4,669,384
<b>CREDITORS</b>				
Amounts falling due within one year		(927,991)	-	(927,991)
<b>NET CURRENT ASSETS</b>		3,741,393	-	3,741,393
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,767,745	803,351	5,571,096
<b>PROVISIONS FOR LIABILITIES</b>		(98,700)	(145,000)	(243,700)
<b>NET ASSETS</b>		4,669,045	658,351	5,327,396
<b>CAPITAL AND RESERVES</b>				
Called up share capital		47,000	-	47,000
Freehold property revaluation reserve		294,762	658,351	953,113
Retained earnings		4,327,283	-	4,327,283
<b>SHAREHOLDERS' FUNDS</b>		4,669,045	658,351	5,327,396

**RECONCILIATION OF PROFIT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>TURNOVER</b>	10,278,881	-	10,278,881
Cost of sales	(8,063,054)	(10,588)	(8,073,642)
<b>GROSS PROFIT</b>	2,215,827	(10,588)	2,205,239
Distribution costs	(147,795)	-	(147,795)
Administrative expenses	(914,238)	-	(914,238)
<b>OPERATING PROFIT</b>	1,153,794	(10,588)	1,143,206
Interest receivable and similar income	8,335	-	8,335
Interest payable and similar charges	(5)	-	(5)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	1,162,124	(10,588)	1,151,536
Tax on profit on ordinary activities	(247,840)	24,000	(223,840)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	914,284	13,412	927,696