

ABBEEY MASTERBATCH LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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FOR THE YEAR ENDED 31 DECEMBER 2014

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ABBAY MASTERBATCH LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014**

The directors present their strategic report for the year ended 31 December 2014.

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 5.3% to £10,278,881 from £10,849,500 in 2013. The decrease in turnover is wholly attributable to a reduction in exports, primarily due to adverse movements in foreign currency exchange rates during the year. 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 remained constant at 21.6%.

The reduction in turnover has also contributed to a decrease in operating profit for the year of £256,808 (18.2%).

The directors are confident of growth in the current year due to the company's reputation in the market place and their strong financial position. In order to meet the anticipated increase, the company has begun the installation of an additional production line, which will be fully operational in 2015.


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 in certain parts of the world could 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: 24/1/15
.....

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2014 will be £375,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 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:

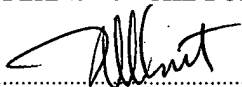
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

ON BEHALF OF THE BOARD:



Mr J M Shirt - Secretary

Date: 24/1/15

**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 2014 on pages five to fourteen. 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 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 2014 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 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: *28th September 2015*

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
TURNOVER	2	10,278,881	10,849,500
Cost of sales		(8,063,054)	(8,502,929)
GROSS PROFIT		2,215,827	2,346,571
Distribution costs		(147,795)	(135,765)
Administrative expenses		(914,238)	(800,204)
OPERATING PROFIT	4	1,153,794	1,410,602
Interest receivable and similar income		8,335	10,009
		1,162,129	1,420,611
Interest payable and similar charges	5	(5)	(145)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,162,124	1,420,466
Tax on profit on ordinary activities	6	(247,840)	(329,614)
PROFIT FOR THE FINANCIAL YEAR		914,284	1,090,852

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.

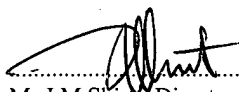
NOTE OF HISTORICAL COST PROFITS AND LOSSES

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 2014

		2014	2013
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	1,026,352	768,435
CURRENT ASSETS			
Stocks	9	482,553	369,537
Debtors	10	1,482,869	1,742,255
Cash at bank and in hand		2,703,962	2,378,847
		<u>4,669,384</u>	<u>4,490,639</u>
CREDITORS			
Amounts falling due within one year	11	<u>927,991</u>	<u>1,067,013</u>
NET CURRENT ASSETS		<u>3,741,393</u>	<u>3,423,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,767,745</u>	<u>4,192,061</u>
PROVISIONS FOR LIABILITIES	13	<u>98,700</u>	<u>62,300</u>
NET ASSETS		<u><u>4,669,045</u></u>	<u><u>4,129,761</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	47,000	47,000
Revaluation reserve	15	294,762	324,662
Profit and loss account	15	4,327,283	3,758,099
SHAREHOLDERS' FUNDS	19	<u><u>4,669,045</u></u>	<u><u>4,129,761</u></u>

The financial statements were approved by the Board of Directors on 24/2/15 and were signed on its behalf by:


Mr J M Shiri - Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
Net cash inflow from operating activities	1	1,410,747	1,121,538
Returns on investments and servicing of finance	2	8,330	9,864
Taxation		(320,175)	(253,264)
Capital expenditure	2	(390,826)	(146,424)
Equity dividends paid		(375,000)	(110,000)
		<u>333,076</u>	<u>621,714</u>
Financing	2	(7,961)	-
Increase in cash in the period		<u>325,115</u>	<u>621,714</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>325,115</u>	<u>621,714</u>
Change in net funds resulting from cash flows		<u>325,115</u>	<u>621,714</u>
Movement in net funds in the period		<u>325,115</u>	<u>621,714</u>
Net funds at 1 January		<u>2,378,847</u>	<u>1,757,133</u>
Net funds at 31 December		<u>2,703,962</u>	<u>2,378,847</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014 £	2013 £
Operating profit	1,153,794	1,410,602
Depreciation charges	118,774	124,105
Loss on disposal of fixed assets	14,135	-
(Increase)/decrease in stocks	(113,016)	6,209
Decrease/(increase) in debtors	259,386	(345,819)
Decrease in creditors	(22,326)	(73,559)
Net cash inflow from operating activities	1,410,747	1,121,538

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	8,335	10,009
Interest paid	(5)	(145)
Net cash inflow for returns on investments and servicing of finance	8,330	9,864
Capital expenditure		
Purchase of tangible fixed assets	(405,846)	(146,424)
Sale of tangible fixed assets	15,020	-
Net cash outflow for capital expenditure	(390,826)	(146,424)
Financing		
Amount withdrawn by directors	(7,961)	-
Net cash outflow from financing	(7,961)	-

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/14 £	Cash flow £	At 31/12/14 £
Net cash:			
Cash at bank and in hand	2,378,847	325,115	2,703,962
	<u>2,378,847</u>	<u>325,115</u>	<u>2,703,962</u>
Total	<u>2,378,847</u>	<u>325,115</u>	<u>2,703,962</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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. 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 62% of its turnover (2013 - 67%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

3. STAFF COSTS

	2014 £	2013 £
Wages and salaries	1,033,559	916,207
Social security costs	108,480	96,657
Other pension costs	60,000	100,000
	<u>1,202,039</u>	<u>1,112,864</u>

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

	2014	2013
Management and administration	11	11
Production	29	29
	<u>40</u>	<u>40</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation - owned assets	118,774	124,105
Loss on disposal of fixed assets	14,135	-
Auditors' remuneration	6,750	5,950
Other operating leases	24,716	24,126
	<u>164,375</u>	<u>154,186</u>
Directors' remuneration	373,071	280,155
Directors' pension contributions to money purchase schemes	60,000	100,000
	<u>433,071</u>	<u>384,155</u>

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

	2014	2013
Money purchase schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows:

	2014 £	2013 £
Emoluments etc	129,549	81,679
Pension contributions to money purchase schemes	-	50,000
	<u>129,549</u>	<u>131,679</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Bank interest	5	-
Corporation tax interest	-	145
	<u>5</u>	<u>145</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

6. TAXATION

Analysis of the tax charge

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

	2014 £	2013 £
Current tax:		
UK corporation tax	211,300	320,000
Prior periods	140	14
Total current tax	211,440	320,014
Deferred tax	36,400	9,600
Tax on profit on ordinary activities	247,840	329,614

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:

	2014 £	2013 £
Profit on ordinary activities before tax	1,162,124	1,420,466
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2013 - 24%)	244,046	340,912
Effects of:		
Expenses not deductible for tax purposes	963	643
Capital allowances in excess of depreciation	(36,680)	(10,045)
Adjustments to tax charge in respect of previous periods	140	14
Changes in tax rates	4,892	(10,407)
Marginal rate relief	(1,896)	(963)
Rounding	(25)	(140)
Current tax charge	211,440	320,014

7. DIVIDENDS

	2014 £	2013 £
Dividends paid	375,000	110,000

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 January 2014	648,622	2,830,249	80,575	3,559,446
Additions	146,253	241,344	18,249	405,846
Disposals	(29,155)	-	-	(29,155)
At 31 December 2014	765,720	3,071,593	98,824	3,936,137
DÉPRECIATION				
At 1 January 2014	284,504	2,448,680	57,827	2,791,011
Charge for year	10,350	101,232	7,192	118,774
At 31 December 2014	294,854	2,549,912	65,019	2,909,785
NET BOOK VALUE				
At 31 December 2014	470,866	521,681	33,805	1,026,352
At 31 December 2013	364,118	381,569	22,748	768,435

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

8. TANGIBLE FIXED ASSETS - continued

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 £344,520 (2013 - £203,622) and the accumulated depreciation thereon amounts to £115,418 (2013 - £111,168).

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 £16,000 (2013 - £23,000).

The historical cost of the freehold land and buildings includes land with a value of £26,145 (2013 - £31,500) on which no depreciation charge is made.

9. STOCKS

	2014	2013
	£	£
Stock and work in progress	482,553	369,537

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	991,346	1,142,158
Amounts owed by group undertakings	333,343	363,199
Other debtors	13,660	54,697
Amounts owed by related parties	-	12,497
VAT	118,756	147,118
Prepayments	25,764	22,586
	<u>1,482,869</u>	<u>1,742,255</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	228,363	285,838
Corporation tax	211,265	320,000
Social security and other taxes	28,494	30,470
Other creditors	6,361	10,616
Directors' current accounts	-	7,961
Accrued expenses	453,508	412,128
	<u>927,991</u>	<u>1,067,013</u>

12. OPERATING LEASE COMMITMENTS

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

	Other operating leases	
	2014	2013
	£	£
Expiring:		
Within one year	-	1,735
Between one and five years	24,514	21,900
	<u>24,514</u>	<u>23,635</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

13. PROVISIONS FOR LIABILITIES

	2014 £	2013 £
Deferred tax		
Accelerated capital allowances	98,700	62,300
		Deferred tax £
Balance at 1 January 2014		62,300
Movement in the year		36,400
Balance at 31 December 2014		98,700

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2014 £	2013 £
47,000	Ordinary		47,000	47,000

15. OTHER RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2014	3,758,099	324,662	4,082,761
Profit for the year	914,284	-	914,284
Dividends	(375,000)	-	(375,000)
Transfer for depreciation charged on revalued assets	6,100	(6,100)	-
Realisation of property revaluation gains of previous years	23,800	(23,800)	-
At 31 December 2014	4,327,283	294,762	4,622,045

16. 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.

17. CAPITAL COMMITMENTS

	2014 £	2013 £
Contracted but not provided for in the financial statements	-	35,900

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.

At 31 December 2014, £Nil (2013 - £12,497) was due from the JM Shirt Accumulation and Maintenance Trust, a trust in which the director, Mr J M Shirt is a trustee.

During the year, the company has sold land amounting to £20,000 (2013 - £Nil) and recharged building costs amounting to £272,788 (2013 - £Nil) to The Shirt Family Pension Fund, a fund in which the directors Mr M A Shirt and Mr R J Shirt are beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	914,284	1,090,852
Dividends	(375,000)	(110,000)
Net addition to shareholders' funds	539,284	980,852
Opening shareholders' funds	4,129,761	3,148,909
Closing shareholders' funds	4,669,045	4,129,761