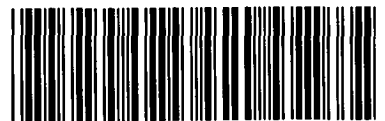


**ABBAY MASTERBATCH LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**ABBAY MASTERBATCH LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their strategic report for the year ended 31 December 2018.

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 it's performance.

Turnover in the year has increased by 14% to £12,765,414 from £11,225,583 in 2017. The increase in turnover is attributable to a 21% increase in UK sales together with a 9% increase in export sales. The directors consider a strong presence in the export market to be central to the company's continued growth.

The company's gross profit percentage for the year has fallen by 3% in comparison with the previous year to 20%. This reduction is due to the increased cost of imported raw materials.

Operating profit for the year is £888,606 (7% of turnover) compared with £1,040,420 (9% of turnover) in the previous year.

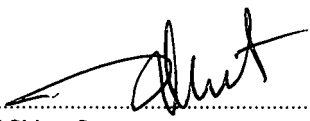
**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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 could have a further 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: 13/8/19  
.....

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2018 is £235,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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:

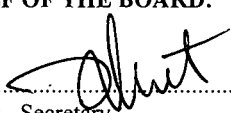
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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: 13/8/19 .....

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

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**Opinion**

We have audited the financial statements of Abbey Masterbatch Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

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

---

**Responsibilities of directors**

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, and for such internal control as the directors determine 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 a Report of the Auditors 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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.

*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: *27<sup>th</sup> August 2019*

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	12,765,414	11,225,583
Cost of sales		10,197,899	8,623,292
<b>GROSS PROFIT</b>		2,567,515	2,602,291
Distribution costs		194,650	178,654
Administrative expenses		1,484,259	1,383,217
		1,678,909	1,561,871
<b>OPERATING PROFIT</b>	5	888,606	1,040,420
Interest receivable and similar income		7,356	1,187
		895,962	1,041,607
Interest payable and similar expenses	6	1	36
<b>PROFIT BEFORE TAXATION</b>		895,961	1,041,571
Tax on profit	7	(9,496)	(13,482)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		905,457	1,055,053
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		905,457	1,055,053

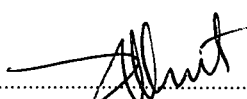
The notes form part of these financial statements



**BALANCE SHEET**  
**31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	9	2,229,949	2,106,704
<b>CURRENT ASSETS</b>			
Stocks	10	1,390,415	1,361,442
Debtors	11	1,504,636	1,239,008
Cash at bank and in hand		4,502,588	4,334,012
		<u>7,397,639</u>	<u>6,934,462</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>1,601,691</u>	<u>1,679,726</u>
<b>NET CURRENT ASSETS</b>		<u>5,795,948</u>	<u>5,254,736</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,025,897</u>	<u>7,361,440</u>
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>223,000</u>	<u>229,000</u>
<b>NET ASSETS</b>		<u><u>7,802,897</u></u>	<u><u>7,132,440</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	47,000	47,000
Freehold property revaluation reserve	16	928,361	940,049
Retained earnings	16	<u>6,827,536</u>	<u>6,145,391</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>7,802,897</u></u>	<u><u>7,132,440</u></u>

The financial statements were approved by the Board of Directors on 13/8/19 and were signed on its behalf by:

  
.....  
Mr J M Shirt - Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Retained earnings £	Freehold property revaluation reserve £	Total equity £
<b>Balance at 1 January 2017</b>	47,000	5,464,650	940,737	6,452,387
<b>Changes in equity</b>				
Dividends	-	(375,000)	-	(375,000)
Total comprehensive income	-	1,055,741	(688)	1,055,053
<b>Balance at 31 December 2017</b>	47,000	6,145,391	940,049	7,132,440
<b>Changes in equity</b>				
Dividends	-	(235,000)	-	(235,000)
Total comprehensive income	-	917,145	(11,688)	905,457
<b>Balance at 31 December 2018</b>	47,000	6,827,536	928,361	7,802,897

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**1. STATUTORY INFORMATION**

Abbey Masterbatch Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the 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 except for the modification to fair value of certain fixed assets. 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.

**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 9 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.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

**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 its parent company, ATL Industries Limited or other 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

**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.

**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 other 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.

**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.

**Research and development**

Research and development expenditure is written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

**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.

**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.

3. TURNOVER

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

During the year, the company exported 54% of its turnover (2017 - 57%).

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	1,760,564	1,590,465
Social security costs	189,553	175,725
Other pension costs	51,629	42,893
	<u>2,001,746</u>	<u>1,809,083</u>

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

	2018	2017
Management and administration	14	13
Production	37	35
	<u>51</u>	<u>48</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

4. EMPLOYEES AND DIRECTORS - continued

	2018	2017
	£	£
Directors' remuneration	747,866	730,134
Directors' pension contributions to money purchase schemes	26,063	23,957

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

	2018	2017
Money purchase schemes	3	3

Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	245,452	245,181

5. OPERATING PROFIT

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

	2018	2017
	£	£
Depreciation - owned assets	160,145	139,733
Auditors' remuneration	7,000	6,950
Operating lease payments	67,223	71,219
Foreign currency exchange rate variances	(6,512)	(53,956)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	1	36

7. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	(3,542)	3,500
Prior periods	46	18
Total current tax	(3,496)	3,518
Deferred tax:		
In respect of accelerated capital allowances	(1,000)	(1,000)
In respect of revalued property	(5,000)	(16,000)
Total deferred tax	(6,000)	(17,000)
Tax on profit	(9,496)	(13,482)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAXATION - continued

Reconciliation of total tax credit 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:

	2018 £	2017 £
Profit before tax	895,961	1,041,571
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	170,233	197,898
Effects of:		
Expenses not deductible for tax purposes	3,950	3,722
Capital allowances in excess of depreciation	(14,915)	(14,300)
Adjustments to tax charge in respect of previous periods	46	18
Research and development claim	(191,439)	(183,824)
Group relief	460	-
Tax losses carried forward	28,215	-
Changes in tax rates	(45)	45
Rounding	(1)	(41)
Movement on deferred tax provision	(6,000)	(17,000)
Total tax credit	(9,496)	(13,482)

8. DIVIDENDS

	2018 £	2017 £
Dividends paid	235,000	375,000

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £	Totals £
<b>COST</b>				
At 1 January 2018	1,478,533	3,563,428	142,250	5,184,211
Additions	21,728	252,115	9,547	283,390
At 31 December 2018	1,500,261	3,815,543	151,797	5,467,601
<b>DEPRECIATION</b>				
At 1 January 2018	90,713	2,892,697	94,097	3,077,507
Charge for year	27,158	120,119	12,868	160,145
At 31 December 2018	117,871	3,012,816	106,965	3,237,652
<b>NET BOOK VALUE</b>				
At 31 December 2018	1,382,390	802,727	44,832	2,229,949
At 31 December 2017	1,387,820	670,731	48,153	2,106,704

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 £549,626 (2017 - £527,898) and the accumulated depreciation thereon amounts to £34,431 (2017 - £23,961).

The historical cost of the freehold property includes land with a value of £26,145 (2017 - £26,145) on which no depreciation charge is made.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. STOCKS

	2018	2017
	£	£
Raw materials	718,829	877,627
Finished goods	671,586	483,815
	<u>1,390,415</u>	<u>1,361,442</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	1,454,353	1,092,099
Amounts owed by group undertakings	2,016	1,628
Other debtors	4,324	33,278
Corporation tax	3,542	-
VAT	14,035	84,384
Prepayments	26,366	27,619
	<u>1,504,636</u>	<u>1,239,008</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	572,127	722,904
Corporation tax	-	3,500
Social security and other taxes	46,209	30,048
Other creditors	17,868	11,116
Directors' current accounts	35,718	19,218
Accrued expenses	929,769	892,940
	<u>1,601,691</u>	<u>1,679,726</u>

13. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	8,435	-
Between one and five years	9,772	48,157
In more than five years	595,000	630,000
	<u>613,207</u>	<u>678,157</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.

14. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax		
Accelerated capital allowances	120,000	121,000
On revalued property	103,000	108,000
	<u>223,000</u>	<u>229,000</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

14. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2018	229,000
Movement in the year	(6,000)
Balance at 31 December 2018	<u>223,000</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2018 £	2017 £
Number:	Class:	£1		
47,000	Ordinary		<u>47,000</u>	<u>47,000</u>

16. OTHER RESERVES

	Retained earnings £	Freehold property revaluation reserve £	Totals £
At 1 January 2018	6,145,391	940,049	7,085,440
Profit for the year	905,457	-	905,457
Dividends	(235,000)	-	(235,000)
Transfer for depreciation charged on revalued assets	16,688	(16,688)	-
Deferred tax movement on revalued property	(5,000)	5,000	-
At 31 December 2018	<u>6,827,536</u>	<u>928,361</u>	<u>7,755,897</u>

17. 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 £51,629 (2017 - £42,893). At 31 December 2018, £4,078 (2017 - £228) was payable in respect of outstanding pension contributions.

18. 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.

19. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>78,137</u>	<u>91,039</u>

20. RELATED PARTY DISCLOSURES

During the year, the company has paid rent amounting to £35,000 (2017 - £35,000) to The Shirt Family Pension Fund, a fund in which the directors Mr M A Shirt and Mr R J Shirt are beneficiaries. Normal commercial terms applied.

During the year, a total of key management personnel compensation of £773,929 (2017 - £754,092) was paid.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

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21. **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.