

COMPANY REGISTRATION NUMBER 01895837

MAINLINE FLATPACKS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2015

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MAINLINE FLATPACKS LTD

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

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MAINLINE FLATPACKS LTD

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

R S Lill
J Lill
B R Lill
F J Lill

COMPANY SECRETARY

J Lill

REGISTERED OFFICE

9 Glebe Road
Huntingdon
Cambridgeshire
PE29 7DB

AUDITOR

Streets Audit LLP
Chartered Accountants
& Statutory Auditor
Charter House
62-64 Hills Road
Cambridge
CB2 1LA

MAINLINE FLATPACKS LTD

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2015

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity during the year continued to be that of trade and retail printers, and packaging manufacturers.

The financial results for the year ended 31 March 2015 have shown a reduction in profit margins, compensated by an increase in turnover, which have resulted in the company making an improved profit in the year.

Turnover has increased by 13.2% mainly due to the recovery of a main customer during the year, and continued efficiency has helped us maintain our profitability. The gross profit margin, however, has decreased from 27.3% in the prior year to 24.9%, which is in line with our expectations given the continued pressure on costs of supply and aggressive competition in the market place.

The key performance indicators of the business tend to be those that reflect the financial performance as a whole, as outlined below:

	2015	2014
	£'000	£'000
Turnover	6,142	5,424
Gross profit	1,530	1,479
Earnings before interest and tax	247	222
Net profit before tax	441	139
Net current liabilities	(21)	(146)
Net assets	2,515	2,249

The board believe that given the straightforward nature of the business no further KPI analysis is required to understand the development, performance and position of the company.

The directors are confident that given the investment in plant and machinery in recent years the business is well placed to continue to provide customers with an efficient, premium level of service. They are mindful of the challenges being faced as a result of the current economic climate such that in addition to the core business, the company will continue to explore market opportunities outside the UK.

During the year the company received a cash redress of £256,356 in respect of the mis-selling of an interest rate swap that had been taken out to mirror the repayment terms of the treasury loan, which has been recognised as exceptional income in the financial statements.

RISK MANAGEMENT OBJECTIVES AND POLICIES

Business Risk

The company operates within the printing and packaging industry, which means its activities are exposed to the economic climate across a variety of business sectors to which products and services are provided. Whilst this is a risk, the directors recognise it also provides an element of business protection where downturns are sector specific.

The nature of the work carried out by the business gives rise to a large proportion of fixed cost expenditure, therefore maintaining activity is of prime importance.

Interest Rate Risk

MAINLINE FLATPACKS LTD

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

The business considers the level of risk exposure on all debt transactions and takes necessary steps to reduce risk to an acceptable level. For significant obligations the company seeks to arrange fixed rate finance where possible in order to mitigate interest rate risk.

Exchange Rate Risk

The company's trading activities require certain products to be purchased and sold in foreign currency as opposed to Sterling, giving rise to exchange rate risk. The company operates a foreign currency bank account to give short term control over exchange rate risk. The company also considers the use of forward contracts and forward options to reduce risk to an acceptable level.

Credit Risk and Liquidity Risk

The company has policies in place to ensure transactions are entered into only with parties that are of acceptable credit quality. The company ensures that there are adequate funds available through credit facilities to meet the operational requirements of the business.

STRATEGY

We anticipate similar business challenges during the forthcoming year which we will intend to minimise by maintaining lean production techniques and superior quality products in order to maximise customer retention and profitability. We shall continue to investigate new markets in order to maximise turnover and profits, whilst continuing to monitor the liquidity risk that occurs with such endeavours. We will continue to closely monitor our customers financial situation with the aim to minimise bad debts.

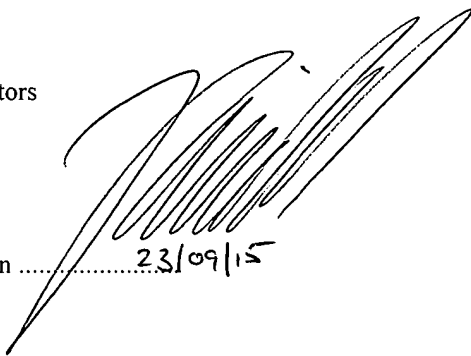
FUTURE DEVELOPMENTS

The company will continue to ensure that its manufacturing processes remain efficient. In anticipation of strong competition we will continue to manufacture high quality generic and bespoke products, and provide a superior level of customer service. We anticipate strong demand for packaging due to improving global economic conditions.

Signed by order of the directors

J Lill
Company Secretary

Approved by the directors on 23/09/15



MAINLINE FLATPACKS LTD

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2015

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £348,529. Particulars of dividends paid are detailed in note 9 to the financial statements.

DIRECTORS

The directors who served the company during the year were as follows:

R S Lill
J Lill
B R Lill
F J Lill

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report 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 year.

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.

STRATEGIC REPORT

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

MAINLINE FLATPACKS LTD

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

AUDITOR

Streets Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed by order of the directors

J Lill
Company Secretary

Approved by the directors on23/09/15.....

MAINLINE FLATPACKS LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAINLINE FLATPACKS LTD

YEAR ENDED 31 MARCH 2015

We have audited the financial statements of Mainline Flatpacks Ltd for the year ended 31 March 2015 on pages 8 to 22. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditor's report 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 annual report 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 March 2015 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MAINLINE FLATPACKS LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAINLINE FLATPACKS LTD *(continued)*

YEAR ENDED 31 MARCH 2015

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.

A R Blake

ALAN BLAKE (Senior Statutory Auditor)
For and on behalf of
STREETS AUDIT LLP
Chartered Accountants & Statutory Auditor

Charter House
62-64 Hills Road
Cambridge
CB2 1LA

24 September 2015

MAINLINE FLATPACKS LTD

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2015

		2015	2014
	Note	£	£
TURNOVER	2	6,141,891	5,423,806
Cost of sales		<u>4,612,106</u>	<u>3,945,081</u>
GROSS PROFIT		1,529,785	1,478,725
Administrative expenses		1,282,617	1,257,026
Other operating income		<u>(256,356)</u>	<u>—</u>
OPERATING PROFIT	3	503,524	221,699
Attributable to:			
Operating profit before exceptional items		247,168	221,699
Exceptional items	3	<u>256,356</u>	<u>—</u>
		503,524	221,699
Interest receivable		66	—
Interest payable and similar charges	7	<u>(62,398)</u>	<u>(82,897)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		441,192	138,802
Tax on profit on ordinary activities	8	<u>92,663</u>	<u>(8,440)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>348,529</u>	<u>147,242</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 11 to 22 form part of these financial statements.

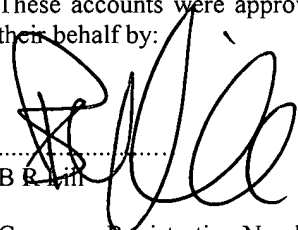
MAINLINE FLATPACKS LTD

BALANCE SHEET

31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	10		3,465,143		3,646,313
Investments	11		<u>1</u>		<u>—</u>
			3,465,144		3,646,313
CURRENT ASSETS					
Stocks	12	633,428		581,503	
Debtors	13	1,382,893		924,798	
Cash at bank and in hand		<u>288,485</u>		<u>40,391</u>	
		2,304,806		1,546,692	
CREDITORS: Amounts falling due within one year	14	<u>2,325,756</u>		<u>1,692,474</u>	
NET CURRENT LIABILITIES			(20,950)		(145,782)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,444,194		3,500,531
CREDITORS: Amounts falling due after more than one year	15		619,149		934,641
PROVISIONS FOR LIABILITIES					
Deferred taxation	17		<u>310,378</u>		<u>317,150</u>
			2,514,667		2,248,740
CAPITAL AND RESERVES					
Called-up equity share capital	20		9,000		9,000
Capital redemption reserve	21		7,700		7,700
Profit and loss account	21		<u>2,497,967</u>		<u>2,232,040</u>
SHAREHOLDERS' FUNDS	22		2,514,667		2,248,740

These accounts were approved by the directors and authorised for issue on 23/09/15, and are signed on their behalf by:


.....
B R Hill

Company Registration Number: 01895837

The notes on pages 11 to 22 form part of these financial statements.

MAINLINE FLATPACKS LTD

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2015

	Note	£	2015 £	£	2014 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23		512,197		853,053
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23		(62,332)		(82,897)
TAXATION	23		(9,170)		14,749
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23		(88,863)		(100,145)
ACQUISITIONS AND DISPOSALS	23		(1)		–
EQUITY DIVIDENDS PAID			(82,602)		(82,602)
CASH INFLOW BEFORE FINANCING			<u>269,229</u>		<u>602,158</u>
FINANCING	23		(21,135)		(638,232)
INCREASE/(DECREASE) IN CASH	23		<u>248,094</u>		<u>(36,074)</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents work done during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and for on-going services is recognised by reference to the stage of completion.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line for buildings only
Plant & Machinery	-	4%-33% straight line
Fixtures & Fittings	-	4%-33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost of raw materials is based upon purchase price. Cost of finished goods is calculated by discounting the sales value of products held.

Work in progress

Non contractual work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Cost is calculated based upon discounted sales value. Provision is made for foreseeable losses where appropriate. No element of profit is included within the valuation of non-contractual work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not yet reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted 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. Where realisation is anticipated to be covered by forward exchange contracts or forward options assets and liabilities in foreign currencies are translated at the contracted rate of exchange. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Consolidation

The company has taken the exemption available under section 402 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that the subsidiary undertaking can be excluded from the consolidation due to it being dormant and immaterial for the purpose of the financial statements giving a true and fair view.

These financial statements therefore include information about the company as an individual entity only.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	5,462,010	5,126,128
Overseas sales	679,881	297,678
	<u>6,141,891</u>	<u>5,423,806</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of owned fixed assets	144,870	152,936
Depreciation of assets held under hire purchase agreements	157,002	153,244
Profit on disposal of fixed assets	—	(4,913)
Auditor's remuneration		
- as auditor	8,000	8,000
Operating lease costs:		
- Plant and equipment	41,313	33,971
- Other	102,000	102,000
Net loss on foreign currency translation	8,295	1,483
Exceptional other operating income	<u>(256,356)</u>	<u>—</u>

4. EXCEPTIONAL OTHER OPERATING INCOME

During the year the company received a cash redress of £256,356 in respect of the mis-selling of the interest rate swap that had been taken out to mirror the repayment terms of the treasury loan.

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2015	2014
	No	No
Number of production staff	29	32
Number of administrative staff	10	9
Number of management staff	9	9
	<u>48</u>	<u>50</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	1,411,689	1,201,594
Social security costs	125,837	112,984
Pension costs	3,013	3,265
	<u>1,540,539</u>	<u>1,317,843</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Aggregate remuneration	178,080	176,517
Value of company pension contributions to money purchase schemes	3,013	3,265
	<u>181,093</u>	<u>179,782</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2015	2014
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Finance charges	28,293	53,644
Other similar charges	34,105	29,253
	<u>62,398</u>	<u>82,897</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21% (2014 - 20%)	99,522	9,170
Over provision in prior year	(87)	-
Total current tax	<u>99,435</u>	<u>9,170</u>
Deferred tax:		
Origination and reversal of timing differences	(6,772)	(17,610)
Tax on profit on ordinary activities	<u>92,663</u>	<u>(8,440)</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2014 - 20%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>441,192</u>	<u>138,802</u>
Profit on ordinary activities by rate of tax	92,650	27,760
Expenses not deductible for tax purposes	2,491	1,891
Difference between capital allowances and depreciation	6,916	(20,481)
Marginal rate relief	(2,535)	-
Underprovision in respect of the prior year	(87)	-
Total current tax (note 8(a))	<u>99,435</u>	<u>9,170</u>

9. DIVIDENDS

Equity dividends

	2015 £	2014 £
Paid in the year		
Equity dividends on ordinary shares	<u>82,602</u>	<u>82,602</u>
Proposed after the year-end (not recognised as a liability):		
Equity dividends on ordinary shares	<u>41,301</u>	<u>41,301</u>

During the year ended 31 March 2015, the directors were paid the following dividends:

	2015 £	2014 £
R S Lill	28,911	28,911
J Lill	28,911	28,911
B R Lill	12,390	12,390
F J lill	12,390	12,390
	<u>82,602</u>	<u>82,602</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST				
At 1 April 2014	1,323,523	4,889,662	341,197	6,554,382
Additions	—	60,774	59,928	120,702
At 31 March 2015	1,323,523	4,950,436	401,125	6,675,084
DEPRECIATION				
At 1 April 2014	29,602	2,634,397	244,070	2,908,069
Charge for the year	5,004	259,526	37,342	301,872
At 31 March 2015	34,606	2,893,923	281,412	3,209,941
NET BOOK VALUE				
At 31 March 2015	1,288,917	2,056,513	119,713	3,465,143
At 31 March 2014	1,293,921	2,255,265	97,127	3,646,313

The directors estimate the cost of land included within freehold property above to be £524,000 (2014 - £524,000). Land is not depreciated.

Hire purchase agreements

Included within the net book value of £3,465,143 is £1,258,653 (2014 - £1,388,020) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £157,002 (2014 - £153,244).

11. INVESTMENTS

	Shares in group undertakings £
COST	
Additions	1
At 31 March 2015	1
NET BOOK VALUE	
At 31 March 2015	1
At 31 March 2014	-

During the year the company incorporated a wholly-owned subsidiary, Lilpackaging.com Limited. Lilpackaging.com Limited has remained dormant since its incorporation on 9 April 2014 and therefore does not have a profit or loss account to disclose and the aggregate capital and reserves as at 31 March 2015 were £1.

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

12. STOCKS

	2015	2014
	£	£
Raw materials	144,290	138,350
Work in progress	129,986	72,907
Finished goods	359,152	370,246
	<u>633,428</u>	<u>581,503</u>

13. DEBTORS

	2015	2014
	£	£
Trade debtors	1,289,276	857,607
Other debtors	2,509	633
Directors current accounts	66	14,498
Prepayments and accrued income	91,042	52,060
	<u>1,382,893</u>	<u>924,798</u>

Trade debtors includes amounts recoverable on contract of £235,141 (2014 - £204,862).

14. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Bank loans	847,307	472,740
Trade creditors	936,112	789,786
Amounts owed to group undertakings	1	-
Corporation tax	99,522	9,257
Other taxation and social security	144,945	82,722
Hire purchase agreements	255,903	304,274
Other creditors	29,966	19,262
Accruals and deferred income	12,000	14,433
	<u>2,325,756</u>	<u>1,692,474</u>

Bank loans are secured by a charge over certain trade debtors, a fixed and floating debenture over the company's assets and a legal charge over the freehold property owned by Mainline Flatpacks Limited. In addition to the security provided by the company R S Lill and J Lill have provided a personal guarantee amounting to £50,000 (2014 - £50,000) in total.

Bank loans includes a treasury loan repayable by monthly instalments of £9,259. The monthly repayment is inclusive of interest charged at 1.4% over base rate.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2015	2014
	£	£
Bank loans	847,307	472,740
Hire purchase agreements	255,903	304,274
	<u>1,103,210</u>	<u>777,014</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

15. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Bank loans and overdrafts	523,153	601,032
Hire purchase agreements	95,996	333,609
	<u>619,149</u>	<u>934,641</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2015	2014
	£	£
Bank loans and overdrafts	523,153	601,032
Hire purchase agreements	95,996	333,609
	<u>619,149</u>	<u>934,641</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2015	2014
	£	£
Bank loans and overdrafts	<u>209,569</u>	<u>284,624</u>

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2015	2014
	£	£
Amounts payable within 1 year	255,903	304,274
Amounts payable between 2 to 5 years	95,996	333,609
	<u>351,899</u>	<u>637,883</u>
Hire purchase agreements are analysed as follows:		
Current obligations	255,903	304,274
Non-current obligations	95,996	333,609
	<u>351,899</u>	<u>637,883</u>

Hire purchase creditors are secured on the assets to which they relate.

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2015	2014
	£	£
Provision brought forward	317,150	334,760
Profit and loss account movement arising during the year	(6,772)	(17,610)
Provision carried forward	<u>310,378</u>	<u>317,150</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

17. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	<u>310,378</u>	<u>317,150</u>
	<u>310,378</u>	<u>317,150</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	2015		2014	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	6,095	-	-
Within 2 to 5 years	<u>102,000</u>	<u>22,984</u>	<u>102,000</u>	<u>29,475</u>
	<u>102,000</u>	<u>29,079</u>	<u>102,000</u>	<u>29,475</u>

In addition to the operating lease commitments noted above, the company has entered into a commitment to purchase board from a supplier during the year ended 31 March 2016 amounting to £191,439 (2014 - £29,000).

19. RELATED PARTY TRANSACTIONS

During both the current and prior years the company was under the joint control of R S Lill and J Lill, who are husband and wife, holding a combined 70% of the ordinary share capital of the company. R S Lill and J Lill are also directors of the company.

R S Lill and J Lill operate a partnership, known as Whitehall Properties, which rents a warehouse to Mainline Flatpacks Limited. The rent during the year was £102,000 (2014 - £102,000). At the balance sheet date the company owed Whitehall Properties £17,000 (2014 - £17,000) which is included within trade creditors.

The company has continued to operate a current account on behalf of R S Lill and J Lill. The amount owed to the company at the balance sheet date was £66 (2014 - £14,498). Interest of £66 (2014 - £117) has been charged by the company relating to this account in the year.

20. SHARE CAPITAL

Allotted and called up:

	2015		2014	
	No	£	No	£
Ordinary Class A shares fully paid of £1 each	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

21. RESERVES

	Capital redemption reserve £	Profit and loss account £
Balance brought forward	7,700	2,232,040
Profit for the year	–	348,529
Equity dividends	–	(82,602)
Balance carried forward	<u>7,700</u>	<u>2,497,967</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Profit for the financial year	348,529	147,242
Equity dividends	(82,602)	(82,602)
Net addition to shareholders' funds	265,927	64,640
Opening shareholders' funds	<u>2,248,740</u>	<u>2,184,100</u>
Closing shareholders' funds	<u>2,514,667</u>	<u>2,248,740</u>

23. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating profit	503,524	221,699
Depreciation	301,872	306,180
Profit on disposal of fixed assets	–	(4,913)
Increase in stocks	(51,925)	(70,903)
(Increase)/decrease in debtors	(458,095)	407,730
Increase/(decrease) in creditors	216,821	(6,740)
Net cash inflow from operating activities	<u>512,197</u>	<u>853,053</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £	2014 £
Interest received	66	–
Interest paid	(34,105)	(29,253)
Interest element of hire purchase	<u>(28,293)</u>	<u>(53,644)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(62,332)</u>	<u>(82,897)</u>

TAXATION

	2015 £	2014 £
Taxation	<u>(9,170)</u>	<u>14,749</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

23. NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE

	2015	2014
	£	£
Payments to acquire tangible fixed assets	(88,863)	(107,895)
Receipts from sale of fixed assets	—	7,750
Net cash outflow from capital expenditure	<u>(88,863)</u>	<u>(100,145)</u>

ACQUISITIONS AND DISPOSALS

	2015	2014
	£	£
Acquisition of shares in group undertakings	(1)	—
Net cash outflow from acquisitions and disposals	<u>(1)</u>	<u>—</u>

FINANCING

	2015	2014
	£	£
Increase in/(repayment of) bank loans	296,688	(304,700)
Capital element of hire purchase	(317,823)	(313,744)
Repayment of directors' long-term loans	—	(19,788)
Net cash outflow from financing	<u>(21,135)</u>	<u>(638,232)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015	2014
	£	£
Increase/(decrease) in cash in the period	248,094	(36,074)
Net cash (inflow) from/outflow from bank loans	(296,688)	304,700
Cash outflow in respect of hire purchase	317,823	313,744
Cash outflow from directors' long-term loans	—	19,788
Change in net debt resulting from cash flows	269,229	602,158
New finance leases	(31,839)	(120,755)
Movement in net debt in the period	<u>237,390</u>	<u>481,403</u>
Net debt at 1 April 2014	<u>(1,671,264)</u>	<u>(2,152,667)</u>
Net debt at 31 March 2015	<u>(1,433,874)</u>	<u>(1,671,264)</u>

MAINLINE FLATPACKS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

23. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2014 £	Cash flows £	Other changes £	At 31 Mar 2015 £
Net cash:				
Cash in hand and at bank	<u>40,391</u>	<u>248,094</u>	<u>—</u>	<u>288,485</u>
Debt:				
Debt due within 1 year	(472,740)	(296,688)	(77,879)	(847,307)
Debt due after 1 year	(601,032)	—	77,879	(523,153)
Hire purchase agreements	<u>(637,883)</u>	<u>317,823</u>	<u>(31,839)</u>	<u>(351,899)</u>
	<u>(1,711,655)</u>	<u>21,135</u>	<u>(31,839)</u>	<u>(1,722,359)</u>
Net debt	<u>(1,671,264)</u>	<u>269,229</u>	<u>(31,839)</u>	<u>(1,433,874)</u>