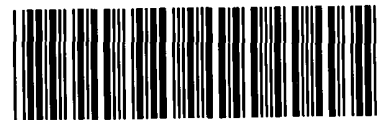


**SANDERS POLYFILMS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

**Registered number 02077853**

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**SANDERS POLYFILMS LIMITED**  
**FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2017**

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# **SANDERS POLYFILMS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISORS**

### **The board of directors**

A. R. Aftalion (resigned 3 October 2016)  
B. G. Davies (resigned 3 October 2016)  
S. Mohan (resigned 3 October 2016)  
A.G. Struthers (resigned 3 October 2016)  
P. R. M. Vervaat (appointed 3 October 2016)  
S. J. Kesterton (appointed 3 October 2016)  
A. S. Green (appointed 3 October 2016)  
D. G. Duthie (appointed 16 November 2016)  
F. L. P. Doorenbosch (appointed 16 November 2016)

### **Company secretary**

E. J. Fairclough (resigned 3 October 2016)  
NDM Giles (appointed 31 December 2016)

### **Registered office**

Westfields Trading Estate  
Hereford  
HR4 9NS

### **Independent Auditors**

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

### **Bankers**

Barclays Bank plc

**SANDERS POLYFILMS LIMITED**  
**STRATEGIC REPORT**  
**PERIOD ENDED 31 MARCH 2017**

The Strategic Report provides a review of the Company's performance, strategy, risks and uncertainties and key performance indicators.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company during the period was the manufacture, sales and marketing of Collation Shrinkfilms.

On 1 September 2016 Sanders Polyfilms Limited was taken over by RPC Group Plc. The accounting date of the Company was changed from 31 December to 31 March in order to be co-terminus with the year end of the new ultimate holding company. Accordingly, the financial statements have been prepared for the 15 months from 1 January 2016 to 31 March 2017.

During the period the Company reported an operating profit of £1,008,770 (2015 - £635,592). Going forward it is anticipated that the Company will maintain the same level of performance.

**Key performance indicators**

	2017	2015
	£	£
<b>Operating profit</b>	<b>1,008,770</b>	<b>635,592</b>

**Principal risks and uncertainties**

The Company may be affected by a number of risks, not all of which are within our control. Outlined below is a description of some of the factors that may affect our business. There may be additional factors, in addition to those listed below, which are not currently known to the Company, or which we currently deem as immaterial, which may also have an adverse affect on our business.

Risk Description	Mitigation
<p><b>Poor Economic Conditions</b></p> <p>The Company is exposed to a variety of market sectors which may be affected, to a greater or lesser extent, by adverse economic conditions.</p> <p>Whilst the broader economic situation continues to improve, conditions remain challenging and there remains a risk of conditions deteriorating in specific geographical or product markets. There is also the risk of geopolitical events potentially impacting market conditions.</p> <p>Reduced demand leads to lost contribution, but can also put pressure on margins as competitors fight for remaining volumes.</p>	<p>&gt;&gt; In the event of adverse trading conditions steps can be taken to restructure the business and reduce costs.</p> <p>&gt;&gt; The cost base is continually reviewed.</p>
<p><b>Credit Risk</b></p> <p>As the Company provides payment terms to its customers, there is always a risk of bad debts due to customer insolvency.</p>	<p>&gt;&gt; Rigorous credit assessment procedures.</p> <p>&gt;&gt; Efficient and effective credit control function ensures low level of late payments.</p>
<p><b>Liquidity Risk</b></p> <p>The Company is exposed to liquidity risk due to the nature of the products being sold.</p>	<p>&gt;&gt; Monitoring and review of liquidity requirements to ensure sufficient cash to meet operational needs.</p>

**SANDERS POLYFILMS LIMITED**  
**STRATEGIC REPORT**  
**PERIOD ENDED 31 MARCH 2017 (continued)**

**Principal risks and uncertainties (continued)**

<p><b>Raw Material Prices</b>  The Company's main raw material, polymer, is subject to volatility on a month by month basis due to fluctuating prices for ethylene and, to a lesser extent, naphtha and oil. Supplier actions can also influence prices due to maintenance periods and breakdowns at their production plants. This creates a risk of erosion in margins if price increases cannot be passed through immediately to customers. Recent years have seen exceptional levels of volatility and unprecedented price levels.</p> <p>There can also be risks due to the impact of falling raw material prices on the realisable value of finished goods stocks.</p>	<p>&gt;&gt; Centralised purchasing arrangements to ensure the best purchase price.  &gt;&gt; Coordinated instructions to sales teams on forward pricing.  &gt;&gt; Highly experienced sales teams manage the prompt recovery of increased raw material prices.  &gt;&gt; Some linkage of customer pricing to polymer price indices.  &gt;&gt; Management of stock levels depending on anticipated price movements.</p>
<p><b>Energy Costs</b>  As a process business and a significant user of energy, our results can be affected by major price movements and increasing environmental taxes and levies.</p>	<p>&gt;&gt; Monitor energy prices and buy forward when advantageous.  &gt;&gt; Energy saving programme implemented.  &gt;&gt; Ongoing engagement with Government and User Groups to ensure policy makers understand the impact of high energy costs on manufacturing industry.</p>
<p><b>Perceived Environmental Issues</b>  While polythene film is the most lightweight and durable packaging medium, perceptions continue to exist that it is environmentally unfriendly which, together with adverse comments on plastic and packaging, could lead to changes in customer preference.</p>	<p>&gt;&gt; Communication and education efforts with staff, customers and regulators to dispel some of the myths.</p>

**RESULTS AND DIVIDENDS**

The profit for the period, after taxation, amounted to £623,600 (2015: £457,214). No dividends were proposed during the period (2015: £nil).

**SANDERS POLYFILMS LIMITED**  
**DIRECTORS' REPORT**  
**PERIOD ENDED 31 MARCH 2017**

The Directors present their report and the audited financial statements of the Company for the 15 month period ended 31 March 2017.

**Directors**

The Directors of the Company at the date of this report and throughout the financial year are shown on page 1.

**Employee involvement**

We have continued to encourage the development of employee involvement in the Company. Management meets regularly with employee representatives to discuss matters of mutual interest and to provide opportunities for employees to contribute to the success of the business. Employees are informed about the Company's trading and financial situation and other matters of concern to them by briefing meetings, circulars and notice boards.

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company is continued and that appropriate training is arranged.

**Political Donations**

There have been no political donations made throughout the period (2015: Nil).

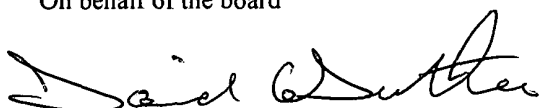
**Share capital**

Information relating to share capital of the Company is given in Note 18 to the financial statements.

**Disclosure of information to auditor**

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the 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 auditors are aware of that information.

On behalf of the board



D G Duthie  
Director

12th January 2018

**SANDERS POLYFILMS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE**  
**THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# ***Independent auditors' report to the members of Sanders Polyfilms Limited***

## **Report on the financial statements**

---

### **Our opinion**

In our opinion, Sanders Polyfilms Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the 15 month period (the "period") 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.

### **What we have audited**

---

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2017;
- the Income statement for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## **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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

### **Directors' remuneration**

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Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# ***Independent auditors' report to the members of Sanders Polyfilms Limited (continued)***

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Sharron Moran (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

12 January 2018

**SANDERS POLYFILMS LIMITED**  
**INCOME STATEMENT**  
**PERIOD ENDED 31 MARCH 2017**

		15 month period to March 2017 £	Year to 31 December 2015 £
Turnover	2	24,340,834	18,924,325
Cost of sales		<u>(21,804,813)</u>	<u>(17,122,193)</u>
<b>Gross profit</b>		<b>2,536,021</b>	<b>1,802,132</b>
Administrative expenses		(1,597,327)	(1,182,894)
Other operating income		<u>70,076</u>	<u>16,354</u>
<b>Operating profit</b>	3	<b>1,008,770</b>	<b>635,592</b>
Interest receivable and similar income	6	13,750	93,337
Interest payable and similar expenses	7	<u>(207,493)</u>	<u>(152,085)</u>
<b>Profit before taxation</b>		<b>815,027</b>	<b>576,844</b>
Tax on profit	8	<u>(191,427)</u>	<u>(119,630)</u>
<b>Profit for the period/year</b>		<u><b>623,600</b></u>	<u><b>457,214</b></u>

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

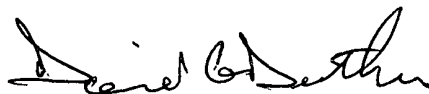
The Company has no items of other comprehensive income other than the results for the year as set out above.

The notes on pages 11 to 20 form part of these financial statements.

**SANDERS POLYFILMS LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	31 March 2017 £	31 March 2017 £	31 December 2015 £
<b>Fixed assets</b>				
Property, Plant and equipment	9		2,432,817	2,698,391
Investments	10		<u>340,000</u>	<u>340,000</u>
			2,772,817	3,038,391
<b>Current assets</b>				
Stocks	11	1,738,291		1,091,896
Trade and other receivables	12	4,576,511		4,206,663
Cash at bank and in hand		<u>1,527,284</u>		<u>65,202</u>
		7,842,086		5,363,761
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,937,720)</u>		(3,629,154)
<b>Net current assets</b>			<u>904,366</u>	<u>1,734,607</u>
<b>Total assets less current liabilities</b>			3,677,183	4,772,998
<b>Creditors: amounts falling due after more than one year</b>				
Non-current liabilities	16		(33,093)	(1,716,412)
Provisions for liabilities			<u>(216,404)</u>	<u>(252,500)</u>
<b>Net assets</b>			<u>3,427,686</u>	<u>2,804,086</u>
<b>Capital and reserves</b>				
Called up share capital	18		125,000	125,000
Share premium account			335,000	335,000
Retained earnings			<u>2,967,686</u>	<u>2,344,086</u>
<b>Total shareholders' funds</b>			<u>3,427,686</u>	<u>2,804,086</u>

These financial statements on pages 8 to 20 were approved by the Directors and authorised for issue on 12th January 2018, and are signed on their behalf by:



D. G. Duthie  
Director

Company registration number: 02077853

The notes on pages 11 to 20 form part of these financial statements

**SANDERS POLYFILMS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**PERIOD ENDED 31 MARCH 2017**

	Called up Share Capital £	Share Premium Account £	Retained Earnings £	Total Shareholders Funds £
Balance at 1 January 2016	125,000	335,000	2,344,086	2,804,086
Profit for the financial period	-	-	623,600	623,600
Total comprehensive income for the period	-	-	623,600	623,600
Balance at 31 March 2017	125,000	335,000	2,967,686	3,427,686

	Called up Share Capital £	Share Premium Account £	Retained Earnings £	Total Shareholders Funds £
Balance at 1 January 2015	125,000	335,000	1,886,872	2,346,872
Profit for the financial year	-	-	457,214	457,214
Total comprehensive income for the year	-	-	457,214	457,214
Balance at 31 December 2015	125,000	335,000	2,344,086	2,804,086

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2017**

**1 ACCOUNTING POLICIES**

**Basis of Preparation**

SANDERS POLYFILMS LIMITED (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, RPC Group PLC includes the Company in its consolidated financial statements. The consolidated financial statements of RPC Group PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Sapphire House, Crown Way, Rushden, Northamptonshire, NN10 6FB.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1: Presentation of financial statements in respect of: statement of cash flows including comparatives and statement of compliance with all IFRS;
- IAS 1: Presentation of financial statements' comparative information requirements in respect of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets;
- IAS 24: Related party disclosures' to disclose relation party transaction entered into between two or more wholly owned members of a group;
- IAS 8: Accounting policies, changes in accounting estimates and errors' for the disclosure of new standard not yet effective;
- IAS 24: Related party disclosures in respect of key management compensation; and

As the consolidated financial statements of RPC Group PLC include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 7: Financial Instruments: Disclosures; and
- IFRS 13: Fair value measurement in respect of the disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

**Going concern**

Sanders Polyfilms Limited is a wholly owned subsidiary of RPC Group PLC, and therefore relies upon group facilities to support its activities. The group's facilities and the rationale for preparing the group financial statements under the going concern basis are disclosed in full in the annual report and financial statements of RPC Group PLC. For this reason, the going concern basis has been adopted in preparing the financial statements of Sanders Polyfilms Limited.

**Turnover recognition**

Turnover from the sale of goods and services is measured at the fair value of the consideration, net of rebates, trade discounts, VAT and other sales-related taxes. Turnover from the sale of goods and services is recognised when the Company has transferred the significant risks and rewards of ownership of the goods and services to the buyer, the amount of turnover can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

**Leasing and hire purchase**

Leases are classified as finance leases when, on inception of the lease, the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases (including hire purchase contracts) are initially recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly through the income statement as borrowing costs.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**1 ACCOUNTING POLICIES (continued)**

**Taxation**

The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and any adjustment to tax payable in respect of prior years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax is charged or credited in the income statement, except when it relates to items charged or credited through the statement of other comprehensive income, in which case the deferred tax is also dealt with through the statement of other comprehensive income.

**Tangible fixed assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation begins when the asset is available for use. The estimated useful lives are as follows:

Freehold Building - 50 years straight line  
Leasehold Building - 50 years straight line  
Plant & Machinery - 5-12 years straight line  
Fixtures & Fittings - 5-12 years straight line  
Motor Vehicles - 4 years straight line

Residual values and useful lives are reassessed annually.

Assets held under finance leases/hire purchase are capitalised and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

**Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the income statement.

**Investments**

Investments in subsidiaries are stated at cost less provisions for impairment in the Company accounts.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Trade and other receivables**

Trade and other receivables are stated at their amortised cost less an allowance for irrecoverable amounts.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**Trade and other payables**

Trade and other payables are stated at amortised cost.

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**1 ACCOUNTING POLICIES (continued)**

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Interest**

Interest is recognised in income or expense using the effective rate of interest method. Financing fees are amortised over the expected life of the related facility.

**Related party transactions**

The Company has taken advantage of the exemption contained with FRS101 and has therefore not disclosed transactions or balances with entities which are wholly-owned subsidiaries of the Group.

**Dividends payable**

*Dividends payable to the Company's shareholders are recorded as a liability in the period in which the dividends are approved.*

**Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in income and expense for the period. Non-monetary assets and liabilities carried at historical cost that are denominated in foreign currencies are translated at the rates prevailing at the date when the historical cost was determined.

**Employee benefits**

*Defined contribution scheme*

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

**Financial instruments**

Certain derivative financial instruments are designated as hedges in line with the Company's treasury policy. Hedges are classified as follows:

- Fair value hedges that hedge the exposure to changes in the fair value of a recognised asset or liability; and
- Cash flow hedges that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

For fair value hedges, any gain or loss from remeasuring the hedging instrument at fair value is recognised in the profit and loss account. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and similarly recognised in the profit and loss account.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, as defined by IAS 39 'Financial Instruments: Recognition and Measurement', is recognised in equity, with any ineffective portion recognised in the profit and loss account. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the profit and loss account in the same period in which the hedged cash flows affect the profit and loss account.

Any gains or losses arising from changes in fair value of derivative financial instruments not designated as hedges are recognised in the profit and loss account.

When a hedging instrument is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account.

**Key accounting estimated and judgements**

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Areas requiring the Directors to make judgements, estimates and assumptions are highlighted in these accounting policies and throughout the notes to the financial statements.

Key estimation and judgement areas are as follows:

- Stocks: the recoverability and value of stocks are kept under constant review and provision is made where appropriate.
- Trade and other receivables: the recoverability of debtors are kept under constant review and provision is made where appropriate.

**New Standards and Interpretations**

In the current year there were no new standards adopted that had a material impact on the Company results.

There are a number of standards and interpretation issued by the IASB that are effective for financial statements after this reporting period, including IFRS 9, IFRS 15 and IFRS 16. The Company is in the process of assessing the impact that the application of these standards will have on the financial statements

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the Company. An analysis of turnover is given below:

	2017	2015
	£	£
United Kingdom	22,687,063	14,571,379
European Union	1,353,145	3,386,742
Rest of World	300,626	966,204
	<u>24,340,834</u>	<u>18,924,325</u>
Other significant revenue:		
Interest income	13,750	26,720
Royalty income	70,076	16,354

**3 OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2017	2015
	£	£
Exchange gains	(6,738)	(5,177)
Auditors' remuneration	39,469	17,500
Depreciation of owned property, plant and equipment	238,401	238,472
Depreciation of property, plant and equipment held under	29,618	11,570
Loss on disposal of property, plant and equipment	(27,789)	(148,090)
Cost of inventories recognised as an expense	17,596,675	14,515,800
Operating lease charges	<u>111,250</u>	<u>89,000</u>

**4 STAFF COSTS**

The average monthly number of staff employed by the Company during the financial period amounted to:

	2017	2015
	Number	Number
Number of administrative staff	22	20
Number of operational staff	<u>28</u>	<u>24</u>
	<u>50</u>	<u>44</u>

The aggregate payroll costs of the above were:

	2017	2015
	£	£
Wages and salaries	1,829,235	1,595,134
Social security costs	211,258	168,696
Other pension costs	58,417	47,858
	<u>2,098,910</u>	<u>1,811,688</u>

A number of the Company's directors are remunerated through the immediate and ultimate parent Company as well as fellow subsidiary undertakings.

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**5 DIRECTORS REMUNERATION**

	2017	2015
	£	£
Remuneration of qualifying service	266,176	294,632
Company pension contributions to defined contribution scheme	40,572	27,286
	<u>306,748</u>	<u>321,918</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015: 4)

In respect of the highest paid director:

	2017	2015
	£	£
Remuneration for qualifying services	<u>121,935</u>	<u>110,863</u>
Company pension contributions to defined contribution schemes	<u>18,472</u>	<u>6,146</u>

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017	2015
	£	£
Interest on bank deposits	12	5
Other interest income	13,738	93,332
Total interest receivable and similar income	<u>13,750</u>	<u>93,337</u>

**7 INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2015
	£	£
Interest on bank overdrafts and loans	11,735	13,846
Interest on finance leases and hire purchase contracts	6,138	3,419
Interest on invoice finance arrangements	30,124	29,820
Interest on other loans	159,496	105,000
Total interest payable and similar costs	<u>207,493</u>	<u>152,085</u>

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**8 TAX ON PROFIT**

	2017 £	2015 £
<b>Current tax expense</b>		
UK current tax at 20% on the profits of the year (2015: 20.25%)	227,524	72,130
Current year		
Adjustments for prior years	-	-
	<b>227,524</b>	<b>72,130</b>
<b>Deferred tax expense</b>		
Origination/(reversal) of temporary differences	(9,884)	47,500
Adjustment in respect of previous years	(1,069)	-
Impact of change in tax rates	(25,144)	-
	<b>(36,097)</b>	<b>47,500</b>
<b>Total tax expense in income statement</b>	<b>191,427</b>	<b>119,630</b>

**Factors affecting the income tax expense**

The difference between the income tax expense for the period and the standard rate of corporation tax in the UK is explained below:

	2017 %	2017 £	2015 %	2015 £
<b>Reconciliation of effective tax rate</b>				
Profit before tax		815,027		576,844
Current tax at 20% 2015: 20.25%)	20.00%	163,005	20.25%	116,811
Permanent differences	(0.2%)	(1,848)		
Non-taxable income	3.9%	31,497	(0.6%)	(3,573)
Capital allowances in excess of depreciation	4.4%	35,914	(11.9%)	(68,595)
Research and development tax credit	-	-	(3.8%)	(21,915)
Other short term timing differences	(0.1%)	(1,044)	0.3%	49,402
<b>Total tax expense in income statement</b>	<b>27.9%</b>	<b>227,524</b>	<b>12.5%</b>	<b>72,130</b>

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). There is an initial two year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship although this timeframe can be extended. At this stage, there is significant uncertainty about the withdrawal process; its timeframe; and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. Following the negotiations between the UK and the EU, the UK's tax status may change and this may impact the Company. However, at this stage the level of uncertainty is such that it is impossible to determine if, how and when that tax status will change. There is inherent uncertainty surrounding the UK's exit from the EU and the impact on tax laws and rates. The directors have assessed and have not identified any significant matters impacting the financial statements.

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**9 PROPERTY, PLANT AND EQUIPMENT**

	Land and Buildings Freehold £	Land and Buildings Leasehold £	Plant and Machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
<b>COST</b>						
At 1 January 2016	1,458,166	144,961	6,003,165	940,076	68,914	8,615,282
Additions in the period	-	-	159,810	3,284	-	163,094
Disposals in the period	(167,000)	-	(125,422)	-	(17,196)	(309,618)
At 31 March 2017	<u>1,291,166</u>	<u>144,961</u>	<u>6,037,553</u>	<u>943,360</u>	<u>51,718</u>	<u>8,468,758</u>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 January 2016	231,299	144,961	4,569,885	901,832	68,914	5,916,891
Charge for the year	20,378	-	188,511	29,512	-	238,401
Disposals in the period	(23,589)	-	(78,566)	-	(17,196)	(119,351)
At 31 March 2017	<u>228,088</u>	<u>144,961</u>	<u>4,679,830</u>	<u>931,344</u>	<u>51,718</u>	<u>6,035,941</u>
<b>NET BOOK VALUE</b>						
At 31 March 2017	<u>1,063,078</u>	<u>-</u>	<u>1,357,723</u>	<u>12,016</u>	<u>-</u>	<u>2,432,817</u>
At 31 December 2015	<u>1,226,867</u>	<u>-</u>	<u>1,433,280</u>	<u>38,244</u>	<u>-</u>	<u>2,698,391</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £29,618 (2015: £11,570).

	2017 £	2015 £
Plant and machinery	159,728	75,660
Fixtures	724	7,049
	<u>160,452</u>	<u>82,709</u>

**10 INVESTMENTS**

**COST AND CARRYING VALUE**

At 1 January 2016 and 31 March 2017

340,000

Subsidiary undertakings	Country of incorporation	Holding	% held direct	Nature of business
Coflex Films Limited	Great Britain	Ordinary Shares	100%	Dormant
Romfilms Limited	Great Britain	Ordinary Shares	100%	Dormant
Exlshrink Limited	Great Britain	Ordinary Shares	50%	Dormant
Romfilms SRL	Romania	Ordinary Shares	100%	Manufacture of shrinkfilms

Romfilms SRL is a 100% subsidiary of Romfilms Limited, a company owned 100% by Sanders Polyfilms Limited. Polyfilms KFT, a 100% subsidiary of Romfilms Ltd was liquidated in the year and a corresponding intercompany debtor of £14,249 was written off as a result.

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**11 STOCKS**

	2017	2015
	£	£
Raw materials	1,275,372	654,515
Finished goods	462,919	437,381
	<u>1,738,291</u>	<u>1,091,896</u>

Stock recognised in cost of sales during the period as an expense was £14,622,449 (2015: £10,872,297).

**12 TRADE AND OTHER RECEIVABLES**

	2017	2015
	£	£
Trade debtors	4,245,870	3,865,422
Amounts owed by Company undertakings	181,897	135,783
Other receivables	-	68,681
Prepayments and accrued income	148,744	136,777
	<u>4,576,511</u>	<u>4,206,663</u>

A bad debt provision of £6,000 (2015: £16,355) was included in the Trade debtors figure.

**13 FINANCIAL LIABILITIES**

	2017	2015
	£	£
Bank Loans	-	283,927
Redeemable preference shares	-	1,500,000
	<u>-</u>	<u>1,783,927</u>
Payable within one year	-	72,500
Payable after one year	-	1,711,427
	<u>-</u>	<u>1,783,927</u>
Amounts included above which fall due after five years:		
Payable other than by instalments	-	1,500,000
	<u>-</u>	<u>1,500,000</u>

During the year the Company redeemed 1,500,000 preference shares at £1 value each, with a total consideration value of £1,554,014.

**14 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

	2017	2015
	£	£
Future minimum rentals under non-cancellable operating leases are as follows:		
Within one year	35,831	27,835
In two to five years	33,093	4,985
	<u>68,924</u>	<u>32,820</u>

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2015
	£	£
Trade creditors	3,921,950	2,576,565
Corporation tax	217,222	53,017
Other taxation and social security	397,290	343,803
Other creditors	79,768	333,556
Accruals and deferred income	296,901	206,322
Amounts owed to group undertakings	1,988,758	15,556
Borrowings	-	72,500
Obligations under finance lease	35,831	27,835
	<u>6,937,720</u>	<u>3,629,154</u>

Other payables of £nil (2015: £249,168) are secured against the trade receivables of the company.

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**16 NON-CURRENT LIABILITIES**

	2017	2015
	£	£
Borrowings	-	1,711,427
Obligations under HP leases	33,093	4,985
	<u>33,093</u>	<u>1,716,412</u>

**17 DEFERRED TAX LIABILITIES**

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

	Accelerated Capital Allowances 2017 £	Total 2017 £	Accelerated Capital Allowances 2015 £	Total 2015 £
At 1 January 2016/2015	252,500	252,500	205,000	205,000
Rate change	(25,143)	(25,143)	-	-
Charged to income	(9,884)	(9,884)		
Adjustment in respect of prior periods	(1,069)	(1,069)	47,500	47,500
At 31 March 2017 (2015: 31 December)	<u>216,404</u>	<u>216,404</u>	<u>252,500</u>	<u>252,500</u>

**18 CALLED UP SHARE CAPITAL**

Allotted, called up and fully paid:

	2017 No	£	2015 No	£
Ordinary shares of £1 each	125,000	125,000	125,000	125,000
Ordinary A shares of £1 each	-	-	-	-
	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>

**19 SHARE PREMIUM ACCOUNT**

	2017 £	2015 £
At beginning and end of period/year	335,000	335,000
	<u>335,000</u>	<u>335,000</u>

**SANDERS POLYFILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PERIOD ENDED 31 MARCH 2017**

**20 CAPITAL COMMITMENTS**

	2017	2015
	£	£
At 31 March 2017 (2015: 31 December) the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	<u>280,000</u>	<u>78,150</u>

**21 RELATED PARTY TRANSACTIONS**

Transactions with wholly owned subsidiaries of RPC Group PLC are not disclosed on the basis of the exemption contained in FRS 101.

There were no other related party transactions during the year.

**22 TAKEOVER DURING THE PERIOD**

On 3rd October 2016 the entire issued share capital of the Company was acquired by British Polythene Industries Limited, which is a wholly-owned subsidiary of RPC Group PLC.

**23 ULTIMATE PARENT**

The ultimate parent company and parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the Company is a member is RPC Group PLC, which is registered in England and Wales. Copies of the group financial statements can be obtained at its head office at Sapphire House, Crown Way, Rushden, Northamptonshire, NN10 6FB. RPC Group PLC is also the ultimate controlling owner.

The immediate parent company is British Polythene Industries Limited which is registered in England and Wales. Copies of this company's accounts can be obtained at 96 Port Glasgow Road, Greenock, PA15 2UL.