

Polymer Logistics (UK) Limited

Report and Financial Statements

31 December 2014

Registered No. 04015336

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COMPANIES HOUSE

Directors

M Mizrahy

G Feiner

A Dale

Secretary

D Cohen

Auditors

Ernst & Young LLP

No.1 Colmore Square

Birmingham B4 6HQ

Bankers

Bank Leumi (UK) Plc

20 Stratford Place

London W1C 1BE

Registered Office

Unit 2, The Draw Bridge

Castle Court

Castlegate Business Park

Dudley DY1 4RD

Registered No. 04015336

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The Profit for the year after taxation amounted to £393,547 (2013 – profit of £124,590). The directors do not recommend a final dividend (2013 – £nil).

Future developments

The company's principal aims for 2015 are clear. The company will continue to focus on organic growth and meeting its business plan targets, managing the growth both on the service and the sales, and selectively pursuing new contract opportunities.

As a management team we will ensure that we have the resources in place to support the projected growth in 2015 and to identify and manage potential risks. We will continue to assimilate controls and balances, both via our computerized systems and via close monitoring of our main KPI's being EBIT and turnover.

The company remains focused on its customers' needs and continues to pursue its objective of becoming a leading RRP (Retail Ready Packaging) solution provider to retailers and their suppliers, challenging new categories and solving existing problems with innovative solutions.

The Board is confident in the ability of the company's management to deliver in the year ahead. The Board and management team continue to see opportunities for growth in our market.

Going concern

The financial statements have been prepared on a going concern basis. The directors have concluded that this is an appropriate basis as the company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the company will continue to be cash generative and profitable. In drawing this conclusion the directors have considered the cross guarantees in place on group banking facilities.

Directors

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

M Mizrahy

G Feiner

A Dale

Disclosure of information to the auditors

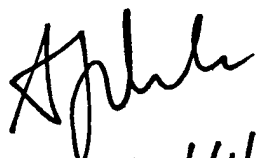
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

A Dale
Director


30/4/2015

Strategic report

Principal activities and review of the business

The principal activity of the company during the year was that of renting and trading of plastic packaging and transportation equipment.

The total revenue in 2014 was £12,724,241 compared to £10,297,292 in 2013, an increase of 23.6% in total income. Most of the increase is due to a £1.9m increase in direct sales to retailers.

Total EBIT for 2014 was £463,278 compared to £147,198 in 2013, an increase of 214%. The increase in EBIT is mainly a result of the change in the underlying cost base in addition to dividend income received from the Company's subsidiary in 2014.

Future developments

Future developments are laid out in the Directors Report

Principal risks and uncertainties

The company's internal risk management procedures are integrated into its internal reporting procedures and business strategy. The company is implementing a KPI reporting system, both on weekly and monthly basis and weekly internal management meetings.

These actions ensure the company's executive management and the board of directors are fully informed on a regular basis.

Here below we describe major risks categories that could materially affect the company business, financial conditions and operational result. The company may also face other risks, which to the present time may not be known to the company, or the company may consider them as less material, but in the future could have an adverse impact on the company business.

Customers' relations

The company business segment is the retail market. The company has long term relations with most of its retail customers, which are maintained by the company's commitment to deliver excellent service.

Losing one or more of these customers can result in a materially negative impact on the company's revenue, profit and cash-flow.

Competition

The company faces competition both on the service and sales businesses. The competition for the service business is from both other service providers of RRP and traditional packaging companies. The competition for the sales business comes mainly from other production companies of compatible equipment as that produced by the company. This competition may limit the company's ability to increase prices and negatively affect company revenues and profit.

Cash flow interest rate risk

The company exposure to the risk for changes in market interest rates relates primarily to the company's long-term debt obligations with a floating interest rate. This risk is minimal, as also the company's long-term credit is bearing the same floating interest rate.

Investment risk

The Company has a significant investment in Polymer Logistics Inc. and guarantees its debts. Consequently the company carries a risk over the valuation of this investment and related impairments. The company manages this risk through a periodic review of the performance of Polymer Logistics Inc. and monitoring for indicators of impairment of investment.

Strategic report (Continued)

Credit risk

The company trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not considered to be significant.

Financial instruments

The company did not participate in any form of hedging transactions during the current financial year. Also, the company does not use forward exchange contracts relating to foreign currency transactions, because the company purchases and sells goods to fellow group companies. Therefore, all foreign currency risk is incurred by the company.

There are no other material exposures of the company relating to price risk, credit risk, liquidity risk and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the company.

On behalf of the Board

A Dale
Director


30/4/2015

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Polymer Logistics (UK) Limited

We have audited the financial statements of Polymer Logistics (UK) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 members 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 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). Those standards require us to comply with the Auditing Practices Board's (APB'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 Report of the Directors' and the Strategic Report to identify material inconsistencies with the audited financial 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Polymer Logistics (UK) Limited

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.

Ernst & Young LLP

Helen Hemming (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Birmingham

30 April 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	12,724,241	10,297,292
Cost of sales		(11,221,126)	(8,684,280)
Gross Profit		1,503,115	1,613,012
Distribution costs		(148,047)	(162,977)
Administrative expenses		(1,187,595)	(1,316,704)
Operating Profit	3	167,473	133,331
Income From Investments		295,855	-
(Loss)/Profit on disposal of tangible fixed assets		(50)	13,867
		463,278	147,198
Interest receivable and similar income	6	66,811	79,071
Interest payable and similar charges	7	(109,087)	(111,363)
Profit on ordinary activities before taxation		421,002	114,906
Tax	8	(27,455)	9,684
Profit for the financial year	18	393,547	124,590

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

		2014 £	2013 £
Profit retained for the financial year and attributable to the members		393,547	124,590
Reserve (Charge)/release for share based payment plans	19	1,824	(38,441)
Total recognised gains and losses relating to the year		395,371	86,149

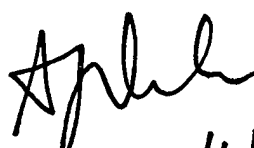
Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	9	2,480,884	2,611,000
Fixed asset investments	10	3,070,230	3,070,230
		<u>5,551,114</u>	<u>5,681,230</u>
Current assets			
Stocks	11	260,712	299,711
Debtors:			
amounts falling due after one year	12	866,667	1,266,667
amounts falling due within one year	12	4,076,671	4,367,428
Cash at bank and in hand		<u>154,992</u>	<u>322</u>
		<u>5,359,042</u>	<u>5,934,128</u>
Creditors: amounts falling due within one year	13	<u>(3,548,136)</u>	<u>(3,957,949)</u>
Net current Assets		<u>1,810,906</u>	<u>1,976,179</u>
Total assets less current liabilities		<u>7,362,020</u>	<u>7,657,409</u>
Creditors: amounts falling due after more than one year	14	(866,667)	(1,279,538)
Provisions for liabilities			
Deferred taxation	8(c)	<u>(234,161)</u>	<u>(216,195)</u>
		<u>6,261,192</u>	<u>6,161,676</u>
Capital and reserves			
Called up share capital	16	3	3
Share premium account	18	1,414,701	1,414,701
Capital contribution reserve	18	1,767,194	1,767,194
Equity benefits reserve	18	67,571	65,747
Profit and loss account	18	<u>3,011,723</u>	<u>2,914,031</u>
Shareholders' funds	18	<u>6,261,192</u>	<u>6,161,676</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A. Dale
Director


30/4/2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The financial statements have been prepared on a going concern basis. The directors have concluded that this is an appropriate basis as the company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the company will continue to be cash generative and profitable. In drawing this conclusion the directors have considered the cross guarantees in place on group banking facilities.

Group financial statements

The financial statements presented are the individual company financial statements of Polymer Logistics (UK) Limited. The company has taken advantage of the exemption in Companies Act 2006 from preparation of group financial statements since the company is a wholly owned subsidiary of Polymer Logistics N.V., established under the law of an EU Member State which prepares group financial statements that include the financial statements of the company.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Tangible fixed assets

All fixed assets are initially recorded at cost and provision for impairment made where required.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	–	over 7 1/2 years
Rental equipment	–	over 5 years
Computer equipment	–	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods:

Revenues from sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rental income:

Revenues from renting of products are recognised at the time that services are rendered.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not 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 right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company does not operate a company pension scheme.

Share-based payments

Incentives in the form of shares are provided to certain employees under share options granted by the ultimate parent undertaking, Polymer Logistics N.V. The fair value of these options at the date of grant is determined by a valuation as described in note 19 and is charged to the profit and loss account over the relevant vesting periods.

2. Turnover

Turnover represents amounts invoiced to third parties stated net of value added tax and is wholly attributable to the principal activities of the company.

The geographical analysis of turnover is as follows:

	2014	2013
	£	£
United Kingdom and Ireland	12,199,535	9,526,810
Europe	524,706	770,482
	<u>12,724,241</u>	<u>10,297,292</u>

Notes to the financial statements

at 31 December 2014

3. Operating Profit

This is stated after charging/(crediting):

		2014 £	2013 £
Auditors' remuneration	– audit services	24,595	25,450
	– non-audit services (taxation)	6,450	5,950
Depreciation of owned fixed assets		398,459	369,149
Exchange Loss on retranslation of foreign currency amounts		7,052	6,739
Operating lease rentals	– land and buildings	498,322	414,566
	– plant and machinery	3,497,916	3,095,254

4. Directors' remuneration

	2014 £	2013 £
Aggregate remuneration in respect of qualifying services	152,932	149,805

A management charge in respect of administration costs is included within the rental payments made to Polymer Israel, the company's sister concern, which includes the director's remuneration for directors paid from outside the United Kingdom and for whom it is not possible to separately quantify.

5. Staff costs

	2014 £	2013 £
Wages and salaries	1,282,483	1,178,295
Employee stock options	1,824	(38,441)
Defined Contribution Pension	43,514	41,461
Social security costs	124,340	116,097
	1,452,161	1,297,412

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

	No.	No.
Distribution	36	32
Administrative	15	15
	51	47

Notes to the financial statements

at 31 December 2014

6. Interest receivable and similar income

	2014	2013
	£	£
Intercompany interest receivable	66,811	79,071

7. Interest payable and similar charges

	2014	2013
	£	£
Bank interest payable	7,540	5,379
Bank loan interest payable	66,811	79,071
Bank charges and loan amortisation	25,551	15,611
Other interest	2,133	4,562
Exchange differences	7,052	6,740
	109,087	111,363

8. Tax

(a) Tax on Profit on ordinary activities

The tax credit is made up as follows:

	2014	2013
	£	£
Current tax:		
UK corporation tax on the Profit for the year	9,489	11,532
Adjustments in respect of previous periods	-	(16,479)
Double tax relief	(9,489)	(11,532)
	-	(16,479)
Foreign tax	9,489	11,532
Total current tax (note 8(b))	9,489	(4,947)
Deferred tax:		
Origination and reversal of timing differences	17,966	(7,181)
Effect of changes in tax rate on opening liability	-	2,444
Changes in recoverable amounts of deferred tax assets	-	-
Tax on Profit on ordinary activities	27,455	(9,684)

Notes to the financial statements

at 31 December 2014

8. Tax (continued)

(b) Factors affecting current tax

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013 – 23.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>421,002</u>	<u>114,906</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	90,515	26,715
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4,550	8,625
Non Taxable Income	(63,608)	-
Capital allowances in excess of depreciation	(22,991)	(24,867)
Other timing differences	1,026	1,059
Adjustments in respect of previous periods	-	(16,479)
Other	(3)	-
Current tax for the year (note 8(a))	<u>9,489</u>	<u>(4,947)</u>

(c) Deferred tax – amounts provided

	2014 £	2013 £
Capital allowances in advance of depreciation	<u>234,161</u>	<u>216,195</u>
		£
Provision for deferred taxation:		
At 1 January 2014		216,195
Profit and loss account movement arising during the year		20,432
Adjustments in respect of prior years		(2,466)
At 31 December 2014		<u>234,161</u>

Notes to the financial statements

at 31 December 2014

9. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Rental equipment</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2014	428,429	3,904,520	55,525	32,253	4,420,727
Additions	21,840	278,659	16,504	-	317,003
Disposals	(3,581)	(406,418)	(24,394)	(16,103)	(450,496)
At 31 December 2014	446,688	3,776,761	47,635	16,150	4,287,234
Depreciation:					
At 1 January 2014	132,742	1,601,441	51,837	23,707	1,809,727
Provided during the year	52,176	337,818	4,428	4,037	398,459
Disposals	(3,582)	(357,757)	(24,394)	(16,103)	(401,836)
At 31 December 2014	181,336	1,581,502	31,871	11,641	1,806,350
Net book value:					
At 31 December 2014	265,352	2,195,259	15,764	4,509	2,480,884
At 1 January 2014	295,687	2,303,079	3,688	8,546	2,611,000

10. Investments

	2014	2013
	£	£
Cost as at 31 December 2013 and 31 December 2014	3,070,230	3,070,230

Details of the investments in which the group and the company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Country of registration</i>	<i>Principal activities</i>
Polymer Logistics Inc.	Ordinary shares	100%	United States of America	Leasing of retail ready packaging units

Notes to the financial statements

at 31 December 2014

11. Stocks

	2014	2013
	£	£
Consumables and spares	<u>260,712</u>	<u>299,711</u>

The difference between purchase price of stocks and their replacement cost is not material.

12. Debtors

	2014	2013
	£	£
Trade debtors	3,548,917	3,782,613
Amounts owed by group undertakings (see below)	1,266,667	1,666,667
Other debtors	972	3,248
Corporation tax	-	32,900
Prepayments	126,782	148,666
	<u>4,943,338</u>	<u>5,634,095</u>

Included within amounts owed by group undertakings is £866,667 (2013 – £1,266,667) which is receivable after 1 year.

13. Creditors: amounts falling due within one year

	2014	2013
	£	£
Bank loans – amount falling due within one year (note 15)	405,516	430,043
Bank overdraft	-	266,332
Trade creditors	782,618	698,021
Amounts owed to group undertakings	2,133,641	2,336,663
Other taxation and social security costs	36,742	35,634
Other creditors	21,938	12,515
Accruals and deferred income	167,681	178,741
	<u>3,548,136</u>	<u>3,957,949</u>

14. Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Loans (note 15)	<u>866,667</u>	<u>1,279,538</u>

Notes to the financial statements

at 31 December 2014

15. Loans

Creditors include bank loans and overdrafts, which are due for repayment as follows:

	2014	2013
	£	£
Amounts repayable:		
In one year or less or on demand	412,871	442,272
In more than one year but not more than two years	433,333	412,871
In more than two years but not more than five years	433,333	866,667
Less: issue costs	(7,354)	(12,229)
	1,272,183	1,709,581
Less: included in creditors amounts falling due within one year	(405,516)	(430,043)
	866,667	1,279,538

The bank loans are secured by a fixed and floating charge over the assets of the company. Polymer Logistics (Israel) Limited, a sister company incorporated in Israel, has also given unlimited guarantee for the liabilities of the company. As at 31 December 2013 and 2014 these loans carried interest ranging from LIBOR+2.5% to LIBOR+3.5%.

16. Issued share capital

	No.	2014	No.	2013
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	3	3	3	3

17. Dividends

An equity dividend on ordinary shares was declared and paid during the year amounting to £295,855 (2013: £nil)

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Share premium account	Capital contribution reserve	Equity benefits reserve	Total shareholders' funds
	£	£	£	£	£	£
At 1 January 2013	3	2,789,441	1,414,701	1,767,194	104,188	6,075,527
Profit for the year	–	124,590	–	–	–	124,590
Credit reserve for share based payment	–	–	–	–	(38,441)	(38,441)
At 1 January 2014	3	2,914,031	1,414,701	1,767,194	65,747	6,161,676
Profit for the year		393,547				393,547
Reserve for share based payment					1,824	1,824
Dividend Paid		(295,855)				(295,855)
At 31 December 2014	3	3,011,723	1,414,701	1,767,194	67,571	6,261,192

Notes to the financial statements

at 31 December 2014

19. Share-based payments

- (a) On September 10, 2007, the ultimate parent, Polymer Logistics N.V. granted four employees in UK, options to purchase up to 543,285 ordinary shares at exercise prices that range between £0.46 and £0.82. The options vest over periods of one to three years and expire 10 years from the date of grant. The vesting of options to purchase 405,000 shares are linked to the ultimate parent undertaking financial performance as was recommended by the remuneration committee of the ultimate parent undertaking and approved by its board of directors.

Unless otherwise determined by the Administrator, all options allocated on a certain date shall subject to continued employment with or service to the company or affiliate by the participant become vested and exercisable in accordance with the vesting schedule and/or the performance conditions of exercise specified in the grant letter, save that no option may be exercised in a close period. Options that have not been exercised within the period stipulated in or subsequent to this plan or the grant letter shall expire.

The fair value of the options was estimated by applying a Binomial option pricing model with adjustments for the specific terms and conditions of the options. Under this model, the per-option weighted average fair market value, as of the grant date, was £0.18 and the total fair market value of the options amounted to £97,899.

As at 31 December 2014 options to purchase 82,980 (2013 – 82,980) ordinary shares were vested from that option plan and are exercisable at a weighted average of \$0.9326. No new options were granted during the current and prior year under this scheme. During the year no options were forfeited (2013 – nil).

As of December 31 2014 all options were vested from this option plan.

- (b) In March 2012, 150,000 share options were granted to senior executive under the Senior Executive Plan (SEP). The exercise price of the options of €0.534 was equal to the market price of the shares on the date of grant. The options vest over periods of three years and expire 10 years from the date of grant.

Unless otherwise determined by the Administrator, all Options Allocated on a certain date shall, subject to continued employment with or service to the Company or Affiliate by the Participant, become vested and exercisable in accordance with the vesting schedule and/or the performance conditions of exercise (if any) specified in the Grant Letter, save that no Option may be exercised in a Close Period. Options that have not been exercised within the period stipulated in or subsequent to this Plan or the Grant Letter shall expire.

The fair value of the options was estimated by applying a binomial option pricing model with adjustments for the specific terms and conditions of the options.

In respect of Polymer Logistics (UK) Limited, the expense recognised for share-based payments in relation to employee services received during the year ended 31 December 2014 is £1,824 (2013 – £(38,441)). The committed future charge to profit in respect of stock options is expected to be £nil.

Notes to the financial statements

at 31 December 2014

20. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2014		2013	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£	£	£	£
Operating leases which expire:				
Within one year	207,162	9,674	207,162	1,537
In two to five years	293,050	39,002	293,050	44,252

In addition the company has also entered into operating lease arrangements for plant and machinery which are cancellable at the company's discretion without the company giving notice.

21. Contingent Liabilities

The Company is part of group banking facilities where cross-guarantees have been issued by the Company in favour of banks on behalf of other group companies and vice versa. As at 31 December 2014, the amounts guaranteed by the Company totalled £11,700,000.

22. Related party transactions

In accordance with FRS 8, transactions with group entities are not disclosed as the company is a wholly owned subsidiary within a group that prepares publicly available group financial statements, which include the company.

23. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Polymer Logistics NV, a company registered in Holland. This is the largest and smallest group of which the company is a member for which group financial statements are prepared. Copies of these financial statements are available from the Registered Office on page 1.