

**GENERAL ALL PURPOSE PLASTICS
GROUP LIMITED**

**Annual Report and Consolidated Financial
Statements**

For the year ended 31 May 2017

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GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2017

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GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A D Greensmith
S D Bird
S M T Brayshaw
M C Greensmith
A A Rayner

REGISTERED NUMBER

05635001

REGISTERED OFFICE

Partnership Way
Shadsworth Business Park
Blackburn
Lancashire
BB1 2QP

BANKERS

Barclays Bank plc
8/14 Darwen Street
5 Fleming Square
Blackburn
BB2 2BZ

SOLICITORS

Zatman & Co.
1 The Cottages
Deva Centre
Trinity Way
Manchester
M3 7BE

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
United Kingdom
M3 3HF

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

STRATEGIC REPORT

The directors present their Strategic Report on the group and company for the year ended 31 May 2017.

PRINCIPAL ACTIVITIES

The company operates as the group's holding company and has not traded during either year. The principal activity of the group is the distribution and manufacture of PVCu doors, window accessories and building products.

BUSINESS REVIEW

The year ended 31 May 2017 has seen turnover increase by 7% (2016: 14%), this is due to the continued successful implementation of the sales strategy set out by the directors in the prior years.

Continuing efforts to maintain low costs and improve efficiencies in both manufacturing and distribution has resulted in a steady gross margin of 41% (2016: 42%).

The profit for the year, after taxation, amounted to £2,484,592 (2015: £1,162,641).

The directors are satisfied with the results for the year and consider that both market share and profitability can be increased over the long term, resulting in greater shareholder value. The group will continue to invest further resources into its customer services and support programmes to ensure the growth strategy adopted by the directors can be delivered. See note 30 for details on a major acquisition made post year end.

The directors have declared a dividend of £387,816 (2016: £1,214,687) in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The group manages its financial risk in five broad categories:

Market conditions

General All Purpose Plastics Group Limited's ("GAP Group") products are targeted at individual consumers and businesses. As a result demand is dependent on activity levels in these respective segments, which vary geographically and are subject to the usual drivers of economic activity (i.e. general economic conditions and volatility, interest rates, business/consumer confidence levels, unemployment, construction levels etc.). While these drivers are inherently cyclical, the exposure to the cyclical nature of any market is partially mitigated by the Group's diversification, both geographically and by product.

Competitive pressures

GAP continually faces competition in each of the markets in which it has a presence. The competitive environment in any one market is a function of a number of factors including the number of competitors, production capacity, the economic/demand characteristics of that market, the ease of imports from third countries and the availability of substitute products. This is mitigated by a continual focus on quality and looking to increase production capacity via investments in fixed assets.

Customer credit risk

As part of the overall service package GAP provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. GAP has established procedures and credit control policies around managing its receivables and takes action where necessary. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly by senior management.

Human Resources

People and teams and talent management are an integral part of GAP's business and are key to continuing progress at the Group. The Group attracts and retains its people through provision of on-going opportunity for career progress, training initiatives and continually identifying emerging managers and leaders within the group.

Funding and liquidity risks

To manage the working capital needs of the business and to finance the group's expansion plans, the group is reliant on being able to arrange and maintain sufficient financing and to comply with their conditions once established which are currently being easily met by the group's positive operating cash flows.

KEY PERFORMANCE INDICATORS

The principle key performance indicators ("KPIs") which are monitored by the directors include rate of revenue growth, profitability and cash flow derived from operating activities which have been discussed in the business review above. They are also part of the financial statements.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

STRATEGIC REPORT (continued)

FUTURE DEVELOPMENTS

Further expansion of the business will continue with the opening of new depots in regions and investment in production capacity.

The directors have agreed a strategic plan for the business which is updated annually and discussed at regular meetings during the year. The management team have been party to this plan and incentivised to ensure the strategy is executed in a timely manner.

The directors are satisfied at the date of this report with the progress made and that management are in a suitable position to support the proposed growth. The financial performance is considered to be line with the proposed strategy.

SUBSEQUENT EVENTS

In August 2017, General All Purpose Plastics Limited completed the acquisition of Jackmon Sales Limited from SIG Trading Limited. As a result of this transaction Jackmon Sales Limited is now a wholly owned subsidiary of General All Purpose Plastics Limited and has been renamed as Gap 2 Limited. The total purchase price was approximately £20m, financed via external borrowings entered into post year end. Results of Gap 2 Limited will be included in General All Purpose Plastic Group Limited's consolidated financial statements from the date of the acquisition.

Approved by the Board of Directors
and signed by order of the Board



S M T Brayshaw
Director

22/02/2018

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of General All Purpose Plastics Group Limited for the year ended 31 May 2017. Future developments, Post balance sheet events and Financial Risk Management have been discussed in the strategic report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounts to £2,484,592 (2016: £1,162,641).

The directors have declared a dividend of £387,816 (2016: £1,214,687) in the year.

DIRECTORS

The directors who served during the year and thereafter were:

A D Greensmith
S D Bird
S M T Brayshaw
M C Greensmith
A A Rayner

GOING CONCERN

After making enquiries, the directors are satisfied that the group and company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. See note 1 Accounting Policies for details on the going concern basis of preparation of the financial statements.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

AUDITOR

In the case of each of the persons who are directors of the company at the date when the report is approved:

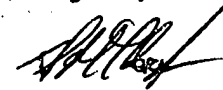
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant information and to establish that the company's auditor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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of Auditor

Deloitte LLP have expressed their willingness to continue in office and appropriate arrangements have been put in place for them to be reappointed as auditor in absence of an Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



S M T Brayshaw
Director
22/02/2018

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

We have audited the financial statements of General All Purpose Plastics Group Limited for the year ended 31 May 2017, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated cash flow statement and the related notes 1 to 30. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 group and parent 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 group's and of the parent company's affairs as at 31 May 2017 and of the group's 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, 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 year 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERAL ALL
PURPOSE PLASTICS GROUP LIMITED (continued)**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Anthony J Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

22/02/2018

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 May 2017

	Note	2017	Restated 2016
		£	£
TURNOVER	3	69,439,861	64,845,949
Cost of sales		(40,801,380)	(37,335,022)
GROSS PROFIT		28,638,481	27,510,927
Administrative expenses		(25,160,876)	(26,014,907)
Other operating income		72,985	72,985
OPERATING PROFIT		3,550,590	2,502,580
Interest receivable and similar income		6,110	1,377
Interest payable and similar charges	7	(86,169)	(579,140)
PROFIT BEFORE TAXATION	4	3,470,531	1,924,817
Tax on profit	8	(985,939)	(762,176)
PROFIT FOR THE FINANCIAL YEAR		<u>2,484,592</u>	<u>1,162,641</u>

The notes on pages 14 to 30 form part of these financial statements.

There are no recognised gains and losses other than the profit for the current and prior year as shown above and consequently a separate consolidated statement of comprehensive income has not been presented.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

CONSOLIDATED BALANCE SHEET As at 31 May 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Intangible assets	9		285,145		470,426
Tangible assets	10		9,344,268		8,675,360
			9,629,413		9,145,786
CURRENT ASSETS					
Stocks	12	8,157,567		7,191,783	
Debtors	13	9,919,444		9,835,186	
Cash at bank		1,184,222		246,204	
		19,261,233		17,273,173	
CREDITORS: amounts falling due within one year	14	(18,262,079)		(18,011,034)	
NET CURRENT ASSETS/(LIABILITIES)			999,154		(737,861)
TOTAL ASSETS LESS CURRENT LIABILITIES			10,628,567		8,407,925
CREDITORS: amounts falling due after more than one year	15		(90,557)		(97,616)
PROVISIONS FOR LIABILITIES					
Provisions	18		(1,094,231)		(963,306)
NET ASSETS			9,443,779		7,347,003
CAPITAL AND RESERVES					
Called up share capital	19		4,628,125		4,628,125
Profit and loss account			4,815,654		2,718,878
SHAREHOLDERS' FUNDS			9,443,779		7,347,003

The notes on pages 14 to 30 form part of these financial statements.

The financial statements of General All Purpose Plastics Group Limited, registered number 05635001, were approved and authorised for issue by the members and were signed on their behalf by:



S M T Brayshaw
Director

Date 22/02/2018

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

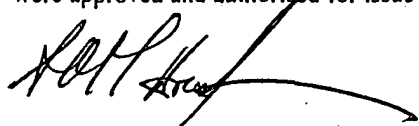
COMPANY BALANCE SHEET As at 31 May 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Investments	11		<u>3,702,983</u>		<u>3,702,983</u>
CURRENT ASSETS					
Debtors	13	<u>925,142</u>		<u>925,142</u>	
NET CURRENT ASSETS			<u>925,142</u>		<u>925,142</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,628,125</u>		<u>4,628,125</u>
NET ASSETS			<u>4,628,125</u>		<u>4,628,125</u>
CAPITAL AND RESERVES					
Called up share capital	19		<u>4,628,125</u>		<u>4,628,125</u>
SHAREHOLDERS' FUNDS			<u>4,628,125</u>		<u>4,628,125</u>

The notes on pages 14 to 30 form part of these financial statements.

The profit dealt with in the financial statements of the parent company was £387,816 (2016: £1,214,687). As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

The financial statements of General All Purpose Plastics Group Limited, registered number 05635001, were approved and authorised for issue by the members and were signed on their behalf by:



S M T Brayshaw
Director

Date 22/02/2018

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 May 2017

	Called-up share capital £	Profit and loss account £	Total £
At 1 June 2015	4,628,125	2,770,924	7,399,049
Profit for the financial year and total comprehensive income	-	1,162,641	1,162,641
Dividend paid (see Note 20)	-	(1,214,687)	(1,214,687)
At 31 May 2016	4,628,125	2,718,878	7,347,003
Profit for the financial year and total comprehensive income	-	2,484,592	2,484,592
Dividend paid (see Note 20)	-	(387,816)	(387,816)
At 31 May 2017	4,628,125	4,815,654	9,443,779

The notes on pages 14 to 30 form part of these financial statements.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY As at 31 May 2017

	Called-up share capital £	Profit and loss account £	Total £
At 1 June 2015	4,628,125	-	4,628,125
Profit for the financial year and total comprehensive income	-	1,214,687	1,214,687
Dividend paid (see Note 20)	-	(1,214,687)	(1,214,687)
At 31 May 2016	4,628,125	-	4,628,125
Profit for the financial year and total comprehensive income	-	387,816	387,816
Dividend paid (see Note 20)	-	(387,816)	(387,816)
At 31 May 2017	4,628,125	-	4,628,125

The notes on pages 14 to 30 form part of these financial statements.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT As at 31 May 2017

	Note	2017 £	2016 £
Net cash flows from operating activities	28	<u>3,152,783</u>	<u>4,238,749</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		21,054	8,475
Purchase of tangible fixed assets excluding finance leases		(1,919,993)	(3,241,799)
Interest received		6,110	1,377
Acquisition of subsidiaries		(93,684)	(352,715)
Net cash flows from investing activities		<u>(1,986,513)</u>	<u>(3,584,662)</u>
Cash flows from financing activities			
Cash dividends paid		-	(166,000)
Finance lease interest		(7,801)	(5,575)
Repayments of obligations under finance lease		(228,697)	(335,035)
Net cash flows from financing activities		<u>(236,498)</u>	<u>(506,610)</u>
Net increase in cash and cash equivalents		<u>929,772</u>	<u>147,477</u>
Cash and cash equivalents at beginning of year		<u>242,801</u>	<u>134,973</u>
Cash and cash equivalents at end of year		<u>1,172,573</u>	<u>242,801</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		1,184,222	246,204
Cash equivalents		(11,649)	(3,403)
Cash and cash equivalents		<u>1,172,573</u>	<u>242,801</u>

The notes on pages 14 to 30 form part of these financial statements.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2017

1. ACCOUNTING POLICIES

General information and basis of accounting

General All Purpose Plastics Group Limited is a private company, limited by shares, incorporated in the England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of General All Purpose Plastics Group Limited is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in Pounds Sterling.

General All Purpose Plastics Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 May 2017. Profits or losses on intra-group transactions are eliminated in full.

The profit dealt with in the financial statements of the parent company was £387,816 (2016: £1,214,687). As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

Going concern

The current economic conditions create uncertainty; however the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its cash reserves, overdraft and loan facilities and internally generated working capital.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is the revenue arising from the sale of goods and is stated at the fair value of the consideration receivable, net of Value Added Tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Goodwill

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful economic life.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2017

1. ACCOUNTING POLICIES (continued)

Goodwill and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill **5 years straight line**

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated, to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Leasehold improvements	-	over the term of the lease
Plant and machinery	-	10% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Raw materials - purchase cost on a first-in, first-out basis.

Goods purchased for resale/finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Pension costs

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

Finance leases

Assets obtained under finance leases are capitalised as tangible fixed assets and are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2017

1. ACCOUNTING POLICIES (continued)

Finance leases (continued)

allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

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.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Other income

Other income is stated net of taxes and relates to rental income.

Provision for liabilities

Provisions (other than deferred taxation) are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions for the estimated cost of repairing or replacing products which may be returned under warranty are based upon historical warranty data and are recognised when the underlying products are sold.

Investments

Investments are stated at cost less any provision for impairment. Impairment is assessed on an annual basis.

Investment income

Investment income is recognised in the Profit and Loss Account when the Company's right to receive payment is established. The investment income relates to the stand-alone company only accounts.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no critical accounting judgements made in these financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty

Warranty Provision

The sale of doors manufactured by the group are all covered by a 10 year warranty from the date of sale. Therefore the provision for this warranty requires the entity to estimate the future warranty claims expected to arise from sales made pre year end. The carrying amount of the warranty provision as at the balance sheet date was £641,890 (2016: £591,890).

Dilapidations Provision

The entity operates a depot retail model where each depot is a unit that has been leased and then modified by the entity to meet the high standard of presentation and design required for depots to succeed. The lease contracts require the units to be restored to their original states. Therefore a provision is required for anticipated site restoration costs on each leased property. The carrying amount of the Dilapidations provision as at the balance sheet date was £452,341 (2016: £371,416).

3. TURNOVER

The turnover and profit before taxation is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

An analysis of turnover by class of business is given below:

	2017 £	2016 £
Sale of goods	<u>69,439,861</u>	<u>64,845,949</u>

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	2017 £	2016 £
Amortisation of goodwill	190,081	171,159
Depreciation of tangible fixed assets:		
- owned by the group	1,429,156	1,801,591
- held under finance leases	286,574	88,640
Operating lease rentals	1,775,574	1,573,558
(Gain) on foreign exchange translation	(74,923)	(18,819)
(Profit) on disposal of tangible fixed assets	(15,453)	(8,475)
Release of grant	(112,500)	-
Cost of stock recognised as an expense	34,884,533	31,941,233

The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor and its associates for the audit of the company and group's annual accounts

2017 £	2016 £
37,000	38,450

Amortisation of intangible assets is included in administrative expenses.

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	15,585,492	13,812,418
Social security costs	1,412,172	2,103,219
Other pension costs	313,908	456,048
	<u>17,311,572</u>	<u>16,371,685</u>

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

	2017 Number	2016 Number
Administrative	157	143
Production, selling and distribution	479	397
	<u>636</u>	<u>540</u>

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

6. DIRECTORS' REMUNERATION

	2017 £	2016 £
Remuneration	458,318	476,381
Company pension contributions to defined contribution pension schemes	8,794	8,800
	<u>467,112</u>	<u>485,181</u>

During the year retirement benefits were accruing to 3 directors (2017: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £186,188 (2016: £186,000).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Interest payable on bank borrowings	22,787	16,336
Finance charges payable under finance leases	7,801	5,575
Other interest payable	740	39,800
Interest on overdue taxation	54,841	517,423
	<u>86,169</u>	<u>579,140</u>

8. TAX ON PROFIT

	2017 £	2016 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	851,937	1,013,947
Adjustments in respect of prior years	528	41,234
	<u>852,465</u>	<u>1,013,947</u>
Total current tax	852,465	1,013,947
Deferred tax		
Origination and reversal of timing differences	133,474	(148,323)
Adjustment in respect of prior period	-	(103,448)
	<u>133,474</u>	<u>(251,771)</u>
Total deferred tax (see note 17)	133,474	(251,771)
Total tax on profit	985,939	762,176

Factors affecting tax charge for the year

The standard rate of tax applied to reported profit on ordinary activities is 19.83% (2016: 20%) Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantively enacted on 6th September 2016 introduced a further reduction in

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

8. TAX ON PROFIT (continued)

the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 31 May 2017.

The difference between the total tax charge shown above and the amount calculated by applying Standard rate of UK corporation tax to the profit before tax is as follows:

	2017 £	2016 £
Profit before tax	3,470,531	1,924,817
Profit multiplied by standard rate of corporation tax in the UK of 19.83% (2016: 20%)	688,206	384,963
Effects of:		
Expenses not deductible for tax purposes	297,205	439,427
Adjustment in respect of prior periods	528	(62,214)
Total tax charge for the year	985,939	762,176

9. INTANGIBLE FIXED ASSETS

	Purchased goodwill £
Group	
Cost	
At 1 June 2016	952,001
Transferred from fixed asset investments	4,800
At 31 May 2017	956,801
Amortisation	
At 1 June 2016	481,575
Charge for the year	190,081
At 31 May 2017	671,656
Net book value	
At 31 May 2017	285,145
At 31 May 2016	470,426

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

10. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost							
At 1 June 2016	1,049,580	1,940,624	11,603,516	2,902,608	1,495,523	893,452	19,885,303
Additions	-	144,912	1,441,956	461,745	114,720	52,089	2,215,422
Disposals	-	-	(5,965)	(139,977)	-	-	(145,942)
At 31 May 2017	1,049,580	2,085,536	13,039,507	3,224,376	1,610,243	945,541	21,954,783
Depreciation							
At 1 June 2016	90,965	942,560	6,319,486	1,935,128	1,127,138	794,666	11,209,943
Charges for the year	20,990	196,716	701,513	441,871	113,545	67,021	1,541,656
On disposals	-	-	(4,474)	(136,610)	-	-	(141,084)
At 31 May 2017	111,955	1,139,276	7,016,525	2,240,389	1,240,683	861,687	12,610,515
Net book value							
At 31 May 2017	937,625	946,260	6,022,982	983,987	369,560	83,854	9,344,268
At 31 May 2016	958,615	998,064	5,284,030	967,480	368,385	98,786	8,675,360

Included within the net book value of £9,344,268 is £749,094 (2016: £327,769) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £286,574 (2016: £88,640). In the year, a government grant of £375,000 was received in line with capital investment targets for plant and machinery being met, this was allocated to deferred income. Consequently £112,500 of this amount has been amortised into the profit and loss account against plant and machinery depreciation which has not impacted the balance sheet.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

11. FIXED ASSET INVESTMENT

	Shares in group undertakings £
Company	
Cost	
At 1 June 2016 and 31 May 2017	3,702,983
Net book value	
At 31 May 2016 and 31 May 2017	<u>3,702,983</u>

The company has the following subsidiary undertakings as at 31 May 2017:

	Class of share capital held	Proportion held by parent company %	Proportion held by group %	Nature of business
General All Purpose Plastics Holdings Limited	"A" Ordinary "B" Ordinary	100 100	100 100	Holding company
G.A.P. Scotland Limited	"A" Ordinary "B" Ordinary "C" Ordinary	100 100 100	100 100 100	Dormant
General All Purpose Plastics Limited	Ordinary	-	100	Distribution of PVCu products
Rockdoor Limited	Ordinary	-	100	Dormant
Homeline Building Products Limited	Ordinary	-	100	Dormant
Highline Building Plastics (Gateshead) Limited	Ordinary	-	100	Dormant
North Wales Building Plastics Limited	Ordinary	-	100	Dormant
Weatherseal Insulation Limited	Ordinary	-	100	Dormant

All subsidiary undertakings were incorporated in the United Kingdom. All subsidiary undertakings have the same registered address as General All Purpose Plastics Group Limited which is found on page 1.

12. STOCKS

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials	3,430,446	2,888,188	-	-
Goods purchased for resale/finished goods	4,727,121	4,303,595	-	-
	<u>8,157,567</u>	<u>7,191,783</u>	<u>-</u>	<u>-</u>

The directors do not consider there to be a material difference between the year-end stock value and its replacement cost.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

13. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	7,800,242	8,012,020	-	-
Amounts owed by group undertaking	-	-	924,898	924,898
Other debtors	13,375	13,349	244	244
Prepayments and accrued income	1,665,490	1,394,654	-	-
Deferred tax	83,433	216,907	-	-
Amounts owed by related parties	356,904	198,256	-	-
	<u>9,919,444</u>	<u>9,835,186</u>	<u>925,142</u>	<u>925,142</u>

Amounts owed by group and related parties are interest free, unsecured and repayable on demand.

14. CREDITORS: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank overdraft	11,649	3,403	-	-
Deferred consideration	-	88,884	-	-
Amounts due under finance leases	247,726	173,192	-	-
Trade creditors	8,703,442	8,049,149	-	-
Amounts owed to related parties	21,443	218,069	-	-
Corporation tax payable	416,548	463,027	-	-
Other taxation and social security	2,836,741	2,416,482	-	-
Other creditors	660,015	456,320	-	-
Directors' loan accounts (see note 22)	342,898	1,000,062	-	-
Accruals and deferred income	5,021,617	5,142,446	-	-
	<u>18,262,079</u>	<u>18,011,034</u>	<u>-</u>	<u>-</u>

Amounts due under finance leases are secured upon the assets to which they relate.

Amounts owed to group and related parties are interest free, unsecured and repayable on demand.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	90,557	97,616	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Between one and five years	90,557	97,616	-	-

16. FINANCIAL INSTRUMENTS

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial Assets				
Measured at undiscounted amount receivable				
Trade and other debtors (see note 13)	7,813,617	8,025,369	244	244
Amounts owed by group undertaking	-	-	924,898	924,898
Amounts owed by related parties	356,904	198,256	-	-
Cash	1,184,222	246,204	-	-
Financial Liabilities				
Measured at undiscounted amount payable				
Trade and other payables (see note 14)	9,363,457	8,505,469	-	-
Bank overdraft (see note 14)	11,649	3,403	-	-
Measured at amortised cost				
Obligations under finance leases due within one year (see note 14)	247,726	173,192	-	-
Obligations under finance leases due after more than one year (see note 15)	90,557	97,616	-	-

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

17. DEFERRED TAX

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
(Liability)/asset at beginning of year	216,907	(34,864)	-	-
(Credited)/charged in the year	(133,474)	251,771	-	-
Asset/(liability) at end of year	<u>83,433</u>	<u>216,907</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	(258,129)	(130,892)	-	-
Short term timing differences	<u>341,562</u>	<u>347,799</u>	<u>-</u>	<u>-</u>
	<u>83,433</u>	<u>216,907</u>	<u>-</u>	<u>-</u>

During the year beginning 1 June 2017, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £83,433. This is due to short term timing differences reversing out into the next year.

18. PROVISIONS

	Warranty provision	Dilapidations provision	Total
	£	£	£
Group			
At 1 June 2016	591,890	371,416	963,306
New Provision	<u>50,000</u>	<u>80,925</u>	<u>130,925</u>
At 31 May 2017	<u>641,890</u>	<u>452,341</u>	<u>1,094,231</u>

Warranty provision

A provision of £641,890 (2016: £591,890) has been recognised for expected warranty claims on products sold by the company. The provision will unwind over the next 10 years.

Dilapidations provision

A provision of £452,341 (2016: £371,414) has been recognised for anticipated site restoration costs on leased properties. The provision will unwind when the properties are vacated.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

19. CALLED UP SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
20,000 "A" Ordinary shares of £0.01 each	-	-
13,331 "A" Ordinary shares of £0.01 each	133	133
20,000 "B" Ordinary shares of £0.01 each	200	200
4,444 "C" Ordinary shares of £0.01 each	44	44
4,627,681 Redeemable preference shares of £1 each	4,627,681	4,627,681
6,669 "D" Ordinary shares of £0.01 each	67	67
	<u>4,628,125</u>	<u>4,628,125</u>

The "A", "B", "C" and "D" Ordinary shares carry the respective voting rights to appoint and remove directors and be subject to the restrictions on transfer as provided in the Articles of Association but rank *pari passu* in all other respects.

The rights attached to the Preference shares are set out below.

Income

The holders of the Preference shares shall not be entitled to receive any preferential dividend.

Capital

On a return of assets the assets and retained profits of the company available for distribution amongst the members shall be applied first in paying to each of the holders of Preference shares the total Issue Price of the Preference shares held by them respectively, with any balance paid to the holders of the Ordinary shares in proportion to the number of Ordinary shares held by them respectively.

Voting

The holders of the Preference shares shall have no right to receive notice of or to attend and vote at any general meeting of the company or in writing up any resolution of the company.

Redemption

The company may at any time redeem the preference shares either in their entirety or in part, subject to giving notice in writing to the members holding the Preference shares, and the company shall pay on each preference share redeemed an amount equal to its Issue Price. In the case of a post redemption, the company shall redeem the same proportion for each member's registered holding of the Preference shares.

20. DIVIDENDS

	2017 £	2016 £
Final paid – £8.72 (2016 – £27.33) per ordinary share	<u>387,816</u>	<u>1,214,687</u>

The dividends paid in the year relates to payments made to directors loan account. See note 22.

21. PENSIONS

The group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered scheme. The pension charge represents contributions payable by the group to the scheme and amounted to £313,908 (2016: £456,048).

Included within accruals is £24,340 (2016: £20,465) in relation to outstanding contributions.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

22. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions in FRS 102 Section 33 Paragraph 1a not to disclose transactions with wholly owned group companies.

Details of outstanding balances with related parties can be found in notes 13 and 14.

The total remuneration for key management personnel for the year totalled £458,318 (2016: £469,856).

A D Greensmith and S D Bird, directors of the company, are also designated members in Bridgemere Properties LLP. At 31 May 2017 the group owed Bridgemere Properties LLP £nil (2016: £118,652). Purchases from Bridgemere Properties amounted to £255,408 (2016: £255,408). During the year the group made payments to external suppliers on Bridgemere Properties LLP's behalf, therefore at 31 May 2017 Bridgemere Properties LLP owed the group £35,605 (2016: £nil). This has been included in amounts owed from related parties.

During the year, the group has made payments on behalf of a related party totalling £104,146. This amount is outstanding as at 31 May 2017 and is included in amounts owed from related parties. The amount is unsecured and repayable upon demand.

A D Greensmith is a trustee in GAP Limited No.1 FURBS and GAP Limited No.3 FURBS. At 31 May 2017 GAP Limited No.1 FURBS owed the group £97,757 (2016: £73,992) and GAP Limited No.3 FURBS owed the group £60,888 (2016: £49,311).

S D Bird is a trustee in GAP Limited No.2 FURBS, GAP Limited No.4 FURBS and GAP Limited No.5 FURBS. At 31 May 2017 GAP Limited No.2 FURBS owed the group £31,247 (2016: £25,676), GAP Limited No.4 FURBS owed the group £31,004 (2016: £25,096) and GAP Limited No.5 FURBS owed the group £29,778 (2016: £24,180).

A D Greensmith is a director of Crown Oil Limited. The group made sales to Crown Oil Limited in the year amounting to £5,597 (2016: £14,909) and purchases amounted to £655,763 (2016: £625,086). At 31 May 2017 the group owed Crown Oil Limited £57,047 (2016: £99,416).

A D Greensmith is also a director of Crown Telecom Solutions Limited, during the year the group made purchases from Crown Telecom Solutions Limited amounting to £0 (2016: £69,522). At 31 May 2017 the group owed Crown Telecom Solutions Limited £nil (2016: £nil).

Loans from directors are as follows:

	2017 £	2016 £
A D Greensmith	-	-
S D Bird	-	500,000
S M T Brayshaw	342,898	500,062
	<u>342,898</u>	<u>1,000,062</u>

The maximum overdrawn balances during the year on the AD Greensmith, SD Bird and SMT Brayshaw directors' loan accounts were £440,463 (2016: £941,088), £153,666 (2016: £391,054) and £44,917 (2016: £40,471) respectively.

During the financial year, directors loans due from AD Greensmith and SD Bird totalling £594,129 (2016: £1,632,263) were waived by the company, and the corresponding amount has therefore been written off as a bad debt expense.

No interest has been charged in the year. Loans are repayable on demand.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

23. CAPITAL COMMITMENTS

The group and company had no capital commitments at 31 May 2017 or 31 May 2016.

24. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 Property £	2016 Property £
- within one year	1,098,822	1,146,364
- between one and five years	571,990	200,075
- more than five years	<u>6,151,824</u>	<u>5,495,244</u>

25. CONTINGENT LIABILITIES

The group's overdraft facilities are secured by a cross guarantee supported by debentures from group companies including General All Purpose Plastics Limited, General All Purpose Plastics Holdings and General All Purpose Plastics Group Limited.

No liability is expected to arise under this guarantee. The maximum liability at 31 May 2017 is £11,649 (2016: £3,403).

26. ULTIMATE CONTROLLING PARTY

The Group is under the common control of the directors.

27. CHANGE IN ACCOUNTING ESTIMATES

The company has increased the useful life of its plant and machinery from six and a half years to ten years, resulting in a depreciation charge of £703,236. If no change had been made, the charge would have been £1,202,992. This is because of the group's effectiveness of maintaining plant and machinery past the six and a half years useful life and thus is deemed appropriate to increase the useful life to ten years.

28. PRIOR PERIOD RESTATEMENT

The company has reclassified the production energy costs from operating expenses to cost of sales. This has been done to better reflect that the energy used in production directly contributes to the level of output and should thus be reflected as a direct cost.

The amount reclassified from operating expenses to cost of sales in the current year is £985,052. The same methodology has been applied to the comparatives and an amount of £933,575 has been reclassified from operating expenses to cost of sales.

GENERAL ALL PURPOSE PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2017

29. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2017 £	2016 £
Operating profit	3,550,590	2,502,581
Adjustment for:		
Depreciation and amortisation	1,619,233	2,061,390
(Profit)/loss on sale of tangible fixed assets	(15,453)	(8,475)
Interest paid excluding finance leases	(78,368)	(64,615)
Income taxes paid	(898,944)	(714,275)
Operating cash flow before movement in working capital	4,177,058	3,776,606
Increase in stocks	(965,784)	(1,259,417)
Increase in debtors	(217,432)	(1,057,117)
Increase/(decrease) in creditors	28,316	2,602,190
Increase in provisions	130,625	176,487
Cash generated by operations	3,152,783	4,238,749

Non-cash transactions

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £296,172 (2016: £231,582).

30. SUBSEQUENT EVENTS

In August 2017, General All Purpose Plastics Limited completed the acquisition of Jackmon Sales Limited from SIG Trading Limited. As a result of this transaction Jackmon Sales Limited is now a wholly owned subsidiary of General All Purpose Plastics Limited and has been renamed as Gap 2 Limited. The total purchase price was approximately £20m, financed via external borrowings entered into post year end. Results of Gap 2 Limited will be included in General All Purpose Plastic Group Limited's consolidated financial statements from the date of the acquisition.