

Company Registration No. 06039291 (England and Wales)

POLYTHENE (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

POLYTHENE (UK) LIMITED

COMPANY INFORMATION

Directors	Mr J E Woollard Mrs K Woollard Mr J D Mungall
Secretary	Mrs K Woollard
Company number	06039291
Registered office	31c Avenue One Station Lane Witney Oxon OX28 4XZ
Auditor	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY

POLYTHENE (UK) LIMITED

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POLYTHENE (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and financial statements for the year ended 31 December 2019.

Principal activity of the company during the year was that of packaging wholesale.

Review of the business, key performance indicators and future developments

The directors are satisfied with the performance of the company during the year as turnover continues to rise year on year with the increase being 2.8% in 2019. Turnover continues to be one of the key performance measures for the business. The increase in turnover has been generated by continued growth in the customer base and a superior product in comparison to competitors.

	2019	2018
Turnover	11,761,813	11,441,427
Gross profit margin	20%	20%
Operating profit	764,115	706,566

Operating profit, which is another key performance indicator for the business has decreased slightly as the company continues to invest in people and advertising as well as superior products. Gross profit has remained consistent with prior years.

The directors believe the continued commitment to enhance the product base and providing more environmentally friendly alternatives will enhance customer satisfaction and facilitate growth. The company is well positioned with a strong supplier base to be responsive in an innovative market place.

During the year the company also continued to invest in renovation works to one of its investment properties.

The directors consider the KPIs of the business to be turnover, gross profit, operating profit, net assets and number of new customers.

Principal risk and uncertainties

The principal risks the company faces are indicated below:

- Polymer price volatility
- Changes in environmental legislation and public perception of plastic use

As mentioned above the company continues to invest in environmentally friendly alternatives and has formed key links with innovative suppliers.

- COVID-19

COVID-19 has had a significant impact on the global economy with national lockdowns meaning many businesses have been forced to close. However, the Directors believe, due to the Company's customer base being mainly in the pharmaceutical, food and drink (supermarkets) and the construction industries, which have been able to continue during the lockdowns, the impact has been reduced. In addition, after the year end the company was able to adapt the product to supply the NHS with various PPE items.

- Brexit

With the Brexit deal still looming and the UK set to leave the EU on the 31 December 2020 there are significant uncertainties regarding the deal that will be in place and possible import complications. However, the company is able to source UK manufacturers for all of their products and therefore will not have delays in being able to supply customers.

POLYTHENE (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board

Mrs K Woollard

Director

17 December 2020

POLYTHENE (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J E Woollard
Mrs K Woollard
Mr J D Mungall

Results and dividends

The results for the year are set out on page 7.

During the year an interim dividend of £421,500 (2018:£314,450) was paid. The directors do not recommend payment of a final dividend

Auditor

Shaw Gibbs Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

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 judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

POLYTHENE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board

Mrs K Woollard

Director

17 December 2020

POLYTHENE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POLYTHENE (UK) LIMITED

Opinion

We have audited the financial statements of Polythene (UK) Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

POLYTHENE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLYTHENE (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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; or

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Lorna Watson (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs Limited

18 December 2020

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
OX2 7DY

POLYTHENE (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	11,761,813	11,441,427
Cost of sales		(9,357,978)	(9,181,967)
Gross profit		<u>2,403,835</u>	<u>2,259,460</u>
Administrative expenses		(1,670,615)	(1,578,825)
Other operating income		30,895	25,931
Operating profit	4	<u>764,115</u>	<u>706,566</u>
Interest receivable and similar income		14,959	9,109
Interest payable and similar expenses		(98,362)	(82,471)
Profit before taxation		<u>680,712</u>	<u>633,204</u>
Tax on profit	7	(130,833)	(72,637)
Profit for the financial year		<u><u>549,879</u></u>	<u><u>560,567</u></u>

POLYTHENE (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	9		-		591
Other intangible assets	9		3,306		1,625
Total intangible assets			3,306		2,216
Tangible assets	10		910,716		907,960
Investment properties	11		1,447,120		1,306,550
			2,361,142		2,216,726
Current assets					
Stocks	13	531,688		443,986	
Debtors	14	3,127,558		2,550,066	
Cash at bank and in hand		102,540		106,485	
			3,761,786		3,100,537
Creditors: amounts falling due within one year	15				
			(4,217,176)		(3,499,868)
Net current liabilities			(455,390)		(399,331)
Total assets less current liabilities			1,905,752		1,817,395
Creditors: amounts falling due after more than one year	16				
			(961,736)		(1,014,223)
Provisions for liabilities			(68,998)		(56,533)
Net assets			875,018		746,639
Capital and reserves					
Called up share capital	19		100		100
Share premium account			9,900		9,900
Revaluation reserve	20		236,174		236,174
Profit and loss reserves			628,844		500,465
Total equity			875,018		746,639

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

POLYTHENE (UK) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 17 December 2020 and are signed on its behalf by:

Mrs K Woollard

Director

Company Registration No. 06039291

POLYTHENE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		100	9,900	330,674	159,848	500,522
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	560,567	560,567
Dividends	8	-	-	-	(314,450)	(314,450)
Transfers		-	-	(94,500)	94,500	-
Balance at 31 December 2018		100	9,900	236,174	500,465	746,639
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	549,879	549,879
Dividends	8	-	-	-	(421,500)	(421,500)
Balance at 31 December 2019		100	9,900	236,174	628,844	875,018

POLYTHENE (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	23	948,895		799,834	
Interest paid		(98,362)		(82,471)	
Income taxes refunded/(paid)		19,642		(107,745)	
Net cash inflow from operating activities		870,175		609,618	
Investing activities					
Purchase of intangible assets		(2,688)		(1,750)	
Purchase of tangible fixed assets		(81,700)		(88,625)	
Proceeds on disposal of tangible fixed assets		191		6,333	
Purchase of investment property		(140,569)		(802,904)	
Proceeds on disposal of investment property		-		449,007	
Receipts arising from loans made		(176,507)		(119,055)	
Interest received		14,959		9,109	
Net cash used in investing activities		(386,314)		(547,885)	
Financing activities					
Repayment of bank loans		(66,306)		297,256	
Dividends paid		(421,500)		(314,450)	
Net cash used in financing activities		(487,806)		(17,194)	
Net (decrease)/increase in cash and cash equivalents		(3,945)		44,539	
Cash and cash equivalents at beginning of year		106,485		61,946	
Cash and cash equivalents at end of year		102,540		106,485	

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Polythene (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 31c Avenue One, Station Lane, Witney, Oxon, OX28 4XZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Intangible fixed assets - goodwill

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

Goodwill - 10 years straight line

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents - 3 years straight line

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets (excluding freehold properties) are initially measured at cost and subsequently measured at cost or deemed cost, net of depreciation and any impairment losses.

Freehold properties are initially measured at cost and subsequently revalued at each year end date to market value, which is not considered to be materially different from fair value, by the directors based on underlying market conditions and evidence of transaction prices for similar properties in the area. The fair value is then depreciated in line with the rates below.

Freehold property and refurbishments	50 & 15 years straight line respectively
Plant and machinery	3 years straight line
Computer equipment	3 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.12 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock valuation and obsolescence

Stock are valued at the lower of cost and net realisable value, after making due allowances for obsolete stock and slow moving items. Provisions are made for any foreseeable losses, where appropriate. No element of profit is included in the valuation.

The calculation of the above provisions requires judgements to be made, which include a number of variables, such as, the forecast customer demand, the economic environment, the ageing of the stock and the discontinuation of certain product lines by the company's key customer. These variables are monitored by the directors and a provision is in place to mitigate the relevant risks.

Freehold and investment property valuation

Freehold and investment properties are measured at market value, which is not considered to be materially different from the fair value, at the year end date. The directors estimate the market value of the properties at each year end taking into consideration the underlying market conditions and evidence of transaction prices for similar properties in the area and the necessary adjustments are made.

Useful economic life of tangible assets

The useful economic lives of non-current assets have been derived from the judgement of the directors, using their best estimate of the write-down period,

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Packaging wholesale	11,761,813	11,441,427
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest received on overdrawn directors loan account	14,959	9,109
Rental income arising from investment properties	30,985	25,931
	<u> </u>	<u> </u>

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3	Turnover and other revenue	(Continued)	
		2019	2018
		£	£
	Turnover analysed by geographical market		
	United Kingdom	11,367,793	11,037,546
	Europe	350,502	403,881
	USA	2,352	-
	Switzerland	41,166	-
		<u>11,761,813</u>	<u>11,441,427</u>
4	Operating profit	2019	2018
		£	£
	Operating profit for the year is stated after charging:		
	Fees payable to the company's auditor for the audit of the company's financial statements	11,000	11,000
	Exchange losses	7,792	7,937
	Depreciation	78,753	70,515
	Amortisation	1,597	5,276
	(Profit)/ Loss on disposal of fixed assets	-	(6,000)
	(Profit)/ Loss on disposal of investment property	-	25,999
		<u>-</u>	<u>25,999</u>
5	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2019	2018
		Number	Number
	Average employee numbers	28	29
	Their aggregate remuneration comprised:		
		2019	2018
		£	£
	Wages and salaries	989,019	886,587
	Social security costs	102,103	91,134
	Pension costs	59,212	53,398
		<u>1,150,334</u>	<u>1,031,119</u>
6	Directors' remuneration	2019	2018
		£	£
	Remuneration paid to directors	<u>211,775</u>	<u>133,500</u>

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	70,844	35,121
Company pension contributions to defined contribution schemes	18,000	12,500
	<u> </u>	<u> </u>

7 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	140,112	132,583
Adjustments in respect of prior periods	(21,745)	(59,946)
	<u> </u>	<u> </u>
Total current tax	118,367	72,637
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	12,466	-
	<u> </u>	<u> </u>
Total tax charge	130,833	72,637
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	680,712	633,204
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	129,335	120,309
Tax effect of expenses that are not deductible in determining taxable profit	6,339	6,105
Depreciation in excess of capital allowances	4,438	6,169
Under/(over) provided in prior years	(21,745)	(59,946)
Deferred tax movement	12,466	-
	<u> </u>	<u> </u>
Taxation charge for the year	130,833	72,637
	<u> </u>	<u> </u>

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Dividends

	2019 £	2018 £
Interim paid	421,500	314,450

9 Intangible fixed assets

	Goodwill £	Patents £	Total £
Cost			
At 1 January 2019	112,500	16,670	129,170
Additions	-	2,688	2,688
At 31 December 2019	112,500	19,358	131,858
Amortisation and impairment			
At 1 January 2019	111,910	15,045	126,955
Amortisation charged for the year	590	1,007	1,597
At 31 December 2019	112,500	16,052	128,552
Carrying amount			
At 31 December 2019	-	3,306	3,306
At 31 December 2018	591	1,625	2,216

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2019	900,586	351,509	1,252,095
Additions	-	81,700	81,700
Disposals	-	(29,340)	(29,340)
At 31 December 2019	900,586	403,869	1,304,455
Depreciation and impairment			
At 1 January 2019	83,374	260,761	344,135
Depreciation charged in the year	14,663	64,090	78,753
Eliminated in respect of disposals	-	(29,149)	(29,149)
At 31 December 2019	98,037	295,702	393,739
Carrying amount			
At 31 December 2019	802,549	108,167	910,716
At 31 December 2018	817,212	90,748	907,960

11 Investment property

	2019 £
Fair value	
At 1 January 2019	1,306,551
Development costs	140,569
At 31 December 2019	1,447,120

The fair value of the investment properties have been arrived at on the basis of valuations carried out on 31 December 2019 by the directors. The valuations were made on an open market value basis by reference to market evidence of transaction prices, both capital and rental, for similar properties.

12 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,230,098	2,214,510
Carrying amount of financial liabilities		
Measured at amortised cost	4,672,566	3,899,199

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Stocks

	2019 £	2018 £
Stocks	531,688	443,986

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	2,403,613	2,008,164
Other debtors	634,826	456,147
Prepayments and accrued income	89,119	85,755
	3,127,558	2,550,066

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	86,951	100,770
Trade creditors	1,965,183	1,656,587
Corporation tax	210,191	72,181
Other taxation and social security	148,742	158,214
Other creditors	1,789,583	1,498,193
Accruals and deferred income	16,526	13,923
	4,217,176	3,499,868

Bank borrowings with National Westminster Bank PLC are secured by fixed charges on the freehold and investment properties and floating charges over the other assets held by the company.

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans		961,736	1,014,223

Bank borrowings with National Westminster Bank PLC are secured by fixed charges on the freehold and investment properties and floating charges over the other assets held by the company.

Amounts included above which fall due after five years are as follows:

Payable by instalments	613,931	613,444
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POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	40,774	31,280
Revaluations	28,224	25,253
	<u>68,998</u>	<u>56,533</u>
		2019 £
Movements in the year:		
Liability at 1 January 2019		56,533
Charge to profit or loss		9,494
Effect of change in tax rate - profit or loss		2,971
		<u>68,998</u>

18 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	59,212	53,398

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. As at the year end £14,275 (£5,841) was due to the pension scheme.

19 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
60 Ordinary A share of £1 each	60	60
30 Ordinary B share of £1 each	30	30
10 Ordinary C shares of £1 each	10	10
	<u>100</u>	<u>100</u>

20 Revaluation reserve

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Revaluation reserve

(Continued)

	2019	2018
	£	£
At beginning of year	236,174	330,674
Other movements	-	(94,500)
	<hr/>	<hr/>
At 31 December 2018 and 2017	<u>236,174</u>	<u>236,174</u>

POLYTHENE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Related party transactions

During the year a Director and a close relative to the Director paid rent of £8,700 (2018: £14,700) to the company. The transactions were made at arms length and are in accordance with the open market value.

The director Mr J Woollard has personally guaranteed £50,000 as security for the bank overdraft.

Transactions with directors:

As at the year end, the directors had an overdrawn loan account of £629,462 (2018: £452,955). Interest of £14,959 (2018: £9,109) was charged on the loan during the year.

22 Parent company

The ultimate controlling party is Mr J Woollard by virtue of his share ownership.

23 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	549,879	560,567
Adjustments for:		
Taxation charged	130,833	72,637
Finance costs	98,362	82,471
Investment income	(14,959)	(9,109)
Gain on disposal of tangible fixed assets	-	(6,000)
(Gain)/loss on disposal of investment property	-	25,993
Amortisation and impairment of intangible assets	1,597	5,276
Depreciation and impairment of tangible fixed assets	78,753	70,515
Movements in working capital:		
Increase in stocks	(87,702)	(50,960)
(Increase)/decrease in debtors	(400,985)	65,290
Increase/(decrease) in creditors	593,117	(16,846)
Cash generated from operations	948,895	799,834

24 Analysis of changes in net debt

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	106,485	(3,945)	102,540
Borrowings excluding overdrafts	(1,114,993)	66,306	(1,048,687)
	(1,008,508)	62,361	(946,147)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.