

A Schulman Thermoplastic Compounds Limited

Annual report and financial statements for the year ended 31 August 2016

Company registration number: 01018237



A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 AUGUST 2016

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A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Officers and Professional Advisers

Directors

H Lingnau Schneider
D J Johnson – resigned 30th November 2016
I Casimiro – resigned 15th December 2016
B J Devlin – appointed 30th November 2016
C Cluyse – appointed 9th January 2017

Company Secretary

C Bridle – resigned 1st December 2016
K J Blake – appointed 1st December 2016

Registered office

1 Kingsland Grange,
Woolston,
Warrington,
Cheshire
WA1 4RA

Bankers

Bank of America NA,
2 King Edward Street,
London
EC1A 1HQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their Strategic report on the company for the year ended 31 August 2016.

Review of the business

The directors are satisfied with the performance in the year with maintained profitability driven by improved sales mix and effective cost control during a challenging year in some markets. The directors expect to see continued operational growth in the future, however given uncertain market conditions post EU Referendum result, this is expected to be a challenge until UK/EU negotiations are finalized by early 2019.

The company will continue to operate in existing markets and aims to increase volume by seeking new customers, new markets and developing new products.

Key performance indicators

The directors believe that the key performance indicators ('KPIs') are revenue growth and profitability.

Revenue has decreased from £43,353,000 to £42,884,000 as a result of reduced volume due to the offshore oil exploration recession.

The profit for the financial year was £2,734,000 (2015:£2,787,000) which will be transferred to reserves.

Cost of sales and revenue both decreased at proportionally the same rate, resulting in gross profit margin remaining at 15.9% (2015: 15.9%) and sales mix has remained the same.

Operating margins decreased marginally in relation to sales to 7.7% (2015: 7.8%) due to higher administration cost, in line with management expectations.

Employee numbers increased by four employees (5%) in the year as the company maintained a fully manned workforce throughout most of the year and to manage higher levels of manufactured volume.

Principal risks and uncertainties

The management of the business is subject to a number of risks including commercial risk, price risk, and credit risk. The mitigation of these risks has been outlined below.

Commercial risk

Commercial risks include those from competitors, economic and especially arising from uncertainty created by the EU Referendum result, environmental, health and safety. The company continues to improve its products and customer service in order to maintain and develop its market place penetration as evidenced by the continued investment in people and research and development of new products.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and interest rate cash flow risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team.

Currency risk

The company is exposed to currency risk as a result of its operations. However, given the size of the company's operations, the cost of managing the exposure to currency risk through the use of derivative financial instruments exceeds any potential benefits, and as such no hedge accounting is applied. The company operates foreign currency bank accounts in order to offset foreign currency receipts and payments.

Interest rate cash flow risk

The company has both interest bearing group assets and interest bearing group liabilities. Interest bearing group assets include only cash pool balances, all of which earn interest at fixed rate. Interest payable is on group cash pool liabilities only and therefore management of cash flows is taken account of as part of the group's financing activity. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 August 2015. The date of transition to FRS 102 was 1 September 2014. Note 24, to the financial statements, details the changes in accounting policies which reconcile profit for the financial year ended 31 August 2015 and the total equity as at 1 September 2014 and 31 August 2015 between UK GAAP as previously reported and FRS 102.

On behalf of the board



Brendan James Devlin

DATE 10th March 2017

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their report and the audited financial statements of the company for the year ended 31 August 2016.

All amounts disclosed in the financial statements are round to the nearest £'000.

Future developments

Future developments are deemed to be of strategic importance to the company and as such have been outlined within the Strategic report.

Dividends

A dividend was paid in the financial year. The directors have approved a dividend of £2m in respect of the period ended 31 August 2015 and this was paid on 11th January 2016 (2015: £1.3m). The directors are not proposing a dividend for the financial year ended 31 August 2016.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate based on the strength of the balance sheet and future forecast profitability.

Financial risk management and research and development

Disclosures relating to these areas are included in the strategic report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

H Lingnau Schneider
D J Johnson – resigned 30th November 2016
I Casimiro – resigned 15th December 2016
B J Devlin – appointed 30th November 2016
C Cluyse – appointed 9th January 2017

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

Research and development

The company encourages research and development investment. Research and development programmes are managed to obtain a balance between improvements to existing products and development of new products.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Employees

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance and, accordingly, maintains regular communications with employees and has well established consultation arrangements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

Statement of Directors' Responsibilities (continued)

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.

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

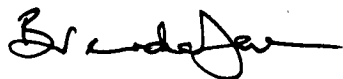
- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the board



Brendan James Devlin

DATE 10th March 2017

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

Report on the financial statements

Our opinion

In our opinion, A Schulman Thermoplastic Compounds Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 August 2016 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.
-

What we have audited

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

- the balance sheet as at 31 August 2016;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

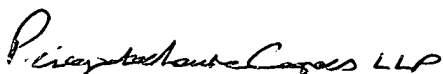
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
DATE 10th March 2017

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST
2016

		Year ended 31 August	
	Note	2016 £'000	2015 £'000
Turnover	3	42,884	43,353
Cost of sales		(36,048)	(36,467)
Gross profit		6,836	6,886
Distribution costs		(2,407)	(2,423)
Administrative expenses		(1,144)	(1,066)
Operating profit	4	3,285	3,397
Interest receivable and similar income	6	25	4
Interest payable and similar charges	6	(23)	0
Net interest income	6	2	4
Profit on ordinary activities before taxation		3,287	3,401
Tax on profit on ordinary activities	7	(553)	(614)
Profit for the financial year		2,734	2,787

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

Statement of comprehensive income for the year ended 31 August 2016

	Note	Year ended 31 August	
		2016 £'000	2015 £'000
Profit for the financial year		2,734	2,787
Other comprehensive income:			
Other comprehensive income		-	-
Total comprehensive income for the year		2,734	2,787

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

BALANCE SHEET AS AT 31 AUGUST 2016

		<u>As at 31 August</u>	
	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	8	3	5
Tangible assets	9	1,994	2,169
		1,997	2,174
Current assets			
Inventories	10	4,682	4,598
Debtors	11	15,326	13,428
Cash at bank and in hand		62	1,225
		20,070	19,251
Creditors - amounts falling due within one year	12	(8,069)	(8,219)
Net current assets		12,001	11,032
Total assets less current liabilities		13,998	13,206
Creditors- amounts falling due after more than one year	13	-	(1)
Provisions for other liabilities	15	(59)	-
Net assets		13,939	13,205
Capital and reserves			
Called up share capital	18	4,363	4,363
Retained earnings		9,576	8,842
Total equity		13,939	13,205

The notes on pages 16 to 40 are an integral part of these financial statements.

The financial statements on pages 12 to 40 were authorised for issue by the board of directors on DATE 10th March 2017 and were signed on its behalf



Brendan James Devlin

Director

A Schulman Thermoplastic Compounds Limited

Company registration number: 01018237

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

Statement of changes in equity for the year ended 31 August 2016

	Note	£'000 Called up share capital	£'000 Share premium account	£'000 Retained earnings 1	£'000 Total equity
Balance as at 1 September 2014	18	4,363	-	7,355	11,718
Profit for the financial year		-	-	2,787	2,787
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	2,787	2,787
Proceeds from shares issued	18	-	-	-	-
Dividends	18	-	-	(1300)	(1,300)
Transfers		-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	(1300)	(1,300)
Balance as at 31 August 2015		4,363	-	8,842	13,205
Balance as at 1 September 2015		4,363	-	8,842	13,205
Profit for the financial year		-	-	2,734	2,734
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	2,734	2,734
Proceeds from shares issued	18	-	-	-	-
Dividends	18	-	-	(2,000)	(2,000)
Transfers		-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	(2,000)	(2,000)
Balance as at 31 August 2016		4,363	-	9,576	13,939

1 Retained earnings represents accumulated comprehensive income for the year and prior periods plus related tax credits, less dividends paid.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies

General information

A Schulman Thermoplastic Compounds Limited ('the company') principal activities are the manufacture and supply of plastic compounds. The company also acts as a distributor of raw material polymer compounds to the plastics industry. The company has a manufacturing plant in the UK and sells primarily to UK and Ireland. The company is a private company limited by shares and incorporated in England and Wales. The registered office is shown on page 3.

Statement of compliance

The individual financial statements of A Schulman Thermoplastic Compounds Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 24.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention and certain financial assets and liabilities measured at fair value through profit and loss account in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate based on the strength of the balance sheet and forecast future profitability.

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of A Schulman Europe International BV, which are publically available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, A statements. The company is also exempt under the terms of Financial Reporting Standard 8 from

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

Schulman s-Gravendeel BV, includes the company's cash flows in its own consolidated financial statements. The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the A Schulman Inc. group (see note 21).

Consolidated financial statements

The financial statements contain information about A Schulman Thermoplastic Compounds Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, A Schulman Inc., a company incorporated in the United States of America (see note 22).

Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling.

(ii) *Transactions and balances*

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Finance (expense) / income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses) / gains'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount received for goods supplied, net of returns, discounts and rebates allowed by the company and value added taxes.

The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

Revenue recognition (continued)

An entity shall recognise revenue from the sale of goods when all the following conditions are satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets

Patents

Patents represent the historic purchase cost of trademarks amortised over 5 years.

Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

Land and buildings

Land and buildings include freehold and leasehold factories, retail outlets and offices. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

The company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Freehold land is not depreciated. The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

Plant and machinery	- 10 to 25 years
Fixtures, fittings and computer equipment	- 4 to 25 years
Long leasehold improvements	- 4 to 25 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Depreciation and residual values

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction

Assets under the course of construction are depreciated when they first come into use.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The company has elected to treat the date of transition to FRS 102 (1 January 2014) as the commencement date of the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(i) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(ii) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

Exemptions on transition to FRS 102

The company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1 September 2014) in accordance with the company's accounting policies.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company manufactures and sells plastic compounds. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory,

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

2 Critical accounting judgements and estimation uncertainty (continued)

as well as applying assumptions around anticipated sales of finished goods and future usage of raw materials. See note 10 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

3 Turnover

Turnover by geography	2016 £'000	2015 £'000
United Kingdom	24,178	23,786
Rest of Europe	11,530	12,949
Rest of World	7,176	6,618
	42,884	43,353
Turnover by nature	2016 £'000	2015 £'000
Sales of goods	42,338	42,765
Rendering of services	-	-
Other - Royalty	546	588
	42,884	43,353

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

4 Operating profit

The operating profit is stated after charging/(crediting):

	2016 £'000	2015 £'000
Staff Costs	3787	3479
Profit on disposal of tangible fixed assets	-	2
Inventory recognised as an expense	30,544	31,393
Impairment of inventory (included in 'cost of sales')	(4)	36
Operating lease charges		
- Plant and machinery	104	61
Depreciation of tangible fixed assets		
- Owned assets	290	263
Audit fees payable to the company's auditors	20	20
Audit fees are for statutory audit		

Extraordinary items

The Company had no extraordinary items during the year.

5 Employees and directors

	Note	2016 £'000	2015 £'000
Wages and salaries		3,366	3,079
Social security costs		322	313
Other pension costs	14	99	87
Staff costs		3,787	3,479

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

5 Employees and directors (continued)

By activity	2016 Number	2015 Number
Average monthly numbers of persons employed (including directors) by the company during the year was:		
Sales and distribution	9	10
Manufacturing	82	76
Research and development	5	5
Administration	6	8
	102	99

Directors

Directors' emoluments represent an allocation of their services to this company. Directors' emoluments were also borne by another group company, A Schulman International Services BVBA.

	2016 £'000	2015 £'000
Aggregate emoluments	143	-
Private Medical Insurance	2	-
Company contributions to defined contribution pension scheme	7	-
	152	-

Highest paid director	2016 £'000	2015 £'000
Total emoluments and amounts	143	-
Private Medical Insurance	2	-
Company contributions to defined contribution pension scheme	7	-
	152	-

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

6 Net interest income

Interest receivable and similar income

	2016 £'000	2015 £'000
Interest receivable from group undertakings	25	4
Total interest income on financial assets not measured at fair value through profit or loss	25	4
Total interest receivable and similar income	25	4

Interest payable and similar charges

	2016 £'000	2015 £'000
Interest payable on other loans	23	-
Total interest expense on financial liabilities not measured at fair value through profit or loss	23	-
Total interest payable and similar charges	23	-

Net interest expense

	2016 £'000	2015 £'000
Total interest receivable and similar income	25	4
Total interest payable and similar charges	(23)	(-)
Net interest income/(expense)	2	4

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

7 Tax on profit on ordinary activities

Tax expense included in profit and loss	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits of the year	473	49
Total current tax	473	49
Deferred tax		
Origination and reversal of timing differences	80	565
Total deferred tax (note 16)	80	565
Tax on profit on ordinary activities	553	614

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

7 Tax on profit on ordinary activities (continued)

Reconciliation of tax charge:

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK 20% (2015: 20.58%). The differences are outlined below:

	2016	2015
	£'000	£'000
Profit on ordinary activities before taxation	3,287	3,401
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 20% (2015: 20.58%)	657	700
Effects of:		
Accelerated capital allowances and other timing differences	(7)	(135)
R&D tax credit 20% deferred refund	5	7
Withholding tax	39	42
Utilisation of brought forward tax losses	(141)	(-)
Total tax for the year	553	614

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 20%

Factors that may affect future tax charges:

Changes to the UK corporation tax rates were substantially enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

8 Intangible assets

	Patents £'000	Total £'000
Cost		
At 1 September 2015	49	49
Additions	-	-
Disposals	-	(-)
At 31 August 2016	49	49
Accumulated amortisation		
At 1 September 2015	(44)	(44)
Charge for the year	(2)	(2)
At 31 August 2016	(46)	(46)
Net book value		
At 31 August 2016	3	3
At 31 August 2015	5	5

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

9 Tangible assets

	Land & Buildings £'000	Plant and machinery £'000	Assets under constructi on £'000	Fixtures & Fittings £'000	Total £'000
Cost					
At 1 September 2015	796	8,475	92	41	9,404
Additions	-	125	89	-	214
Disposals	(-)	(65)	(-)	(-)	(65)
At 31 August 2016	796	8,535	181	41	9,553
Accumulated depreciation					
At 1 September 2015	(494)	(6,717)	-	(23)	(7,234)
Charge for the year	(40)	(344)	-	(6)	(390)
Disposals	-	65	-	-	65
At 31 August 2016	(534)	(6,996)	-	(29)	(7,559)
Net book value					
At 31 August 2016	262	1,539	181	12	1,994
At 31 August 2015	301	1,758	92	18	2,169

10 Inventories

	2016 £'000	2015 £'000
Raw materials and consumables	2,849	2,569
Finished goods and goods for resale	1,833	2,029
	4,682	4,598

The replacement cost of inventories does not exceed the balance sheet carrying amounts for the current or preceding year.

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £2,000 (2015: £6,000).

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

11 Debtors:

	2016	2015
	£'000	£'000
Trade debtors	6,015	6,440
Amounts owed by group undertakings	9,150	6,752
Deferred tax asset	-	64
Prepayments and accrued income	161	172
	15,326	13,428

Trade receivables includes £nil (2015: £nil) falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade creditors	6,281	7,264
Amounts owed to group undertakings	667	324
Finance leases	1	2
Corporation tax payable	429	-
Other taxation and social security	320	88
Accruals and deferred income	371	541
	8,069	8,219

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016

13 Creditors – amounts falling due after more than one year

	2016	2015
	£'000	£'000
Amounts falling due between one and five years		
Finance leases	-	1

Finance leases

The future minimum finance lease payments are as follows:

	2016	2015
	£'000	£'000
Not later than one year	1	2
Later than one year and not later than five years	-	1
Total gross payments	1	3
Less: finance charges	(-)	(-)
Carrying amount of liability	1	3

	2016	2015
	£'000	£'000
The net carrying value at the end of the year	1	3

The finance lease relates to a platform lift which is leased from a specialist leasing company. The remaining lease terms is less than one year. At the end of the lease terms the company has the option to purchase the assets for £50.

14 Post-employment benefits

	2016	2015
	£'000	£'000
Defined contribution scheme	99	87
Total charge in operating profit	99	87

The company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £99,406 (2015: £86,563). The liability / prepayment at the year end for the contributions payable to the defined contribution scheme is £18,789 (2015: £15,133).

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

15 Provisions for liabilities

	Deferred tax liability £'000	Dilapidations £'000	Total £'000
At 1 September 2015	(64)	40	(24)
Additions dealt with in profit and loss account	80	3	83
At 31 August 2016	16	43	59

A provision for deferred tax liability is recognised in relation to timing difference between depreciation and capital allowances.

The dilapidation provision relates to the obligation to restore the property to its original state at the end of the lease which arises under the terms of the property leases for the company's sites.

16 Deferred tax (asset)/liability

	2016 £'000	2015 £'000
Accelerated capital allowances	141	64
Other timing differences	(221)	-
Deferred tax	(80)	64

Movement in deferred taxation	Deferred tax £'000
At 1 September 2015	64
Charge to profit and loss account	(80)
At 31 August 2016	(16)

There are no unused tax losses or unused tax credits.

The net deferred tax liability expected to reverse in 2017 is £16,000 and relates to the reversal of timing differences between depreciation and capital allowances.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

17 Financial Instruments

The company has the following financial instruments:

	Note	2016 £'000	2015 £'000
Financial assets that are debt instruments measured at amortised cost			
– Trade debtors		6,015	6,440
– Amounts owed by group undertakings	11	9,150	6,753
– Prepayments & accrued income		161	172
		15,326	13,365
Financial liabilities measured at amortised cost			
– Trade creditors		6,281	7,264
– Amounts owed to group undertakings	12	667	324
– Accruals & deferred income		371	541
– Finance leases		1	3
		7,320	8,132

Derivative financial instruments

The company has no derivative financial instruments.

Interest on bank loans and overdrafts are disclosed in note 6.

18 Called up share capital

	2016 £	2015 £
Allotted and fully paid		
4,363,514 (2015: 4,363,514) ordinary shares of £1	4,363,514	4,363,514
Dividends		
	2016 £	2015 £
Total dividends paid	2,000,000	1,300,000

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

19 Contingent assets and liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2015, the company had deferment bank guarantees in favour of HM Revenue and Customs of £ 70,000 (2015: £ 70,000).

20 Capital and other commitments

	2016 £'000	2015 £'000
Contracts authorised for future capital expenditure not provided in the financial statements	nil	14

The company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £'000	2015 £'000
Land and buildings		
Within one year	307	307
Within two to five years	1,228	1,228
After five years	557	865
	2,092	2,400
Other		
Within one year	110	86
Within two to five years	195	224
	305	310

The company has no other off-balance sheet arrangements.

21 Related party transactions

See note 5 for disclosure of the directors' remuneration and key management compensation.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

A SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

22 Controlling parties

The immediate parent undertaking is A Schulman Gainsborough Limited whose registered office is Sandars Road, Gainsborough, Lincolnshire DN21 1RZ.

The Company's ultimate holding and controlling company is A. Schulman Inc., a company registered and incorporated in the United States of America, which is the largest group to consolidate these financial statements. The parent company of the smallest group to consolidate these financial statements is A Schulman s-Gravendeel BV, a company incorporated in Holland, whose address is Mijlweg 7, s-Gravendeel NK 3295 KG, The Netherlands.

The ultimate parent undertaking and controlling party is A Schulman Inc. which is the largest and smallest group to consolidate these financial statements. The company is incorporated in the United States of America and its common stock is listed on the New York Stock Exchange. Copies of the financial statements of the ultimate parent company are publically available and can be obtained from its headquarters at West Market Street, Akron, Ohio USA.

23 Events after the end of the reporting period

There are no post balance sheet events.

24 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 August 2015. The date of transition to FRS 102 was 1 September 2015. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 August 2015 and the total equity as at 1 September 2015 and 31 August 2015 between UK GAAP as previously reported and FRS 102.

Considered adjustments

Below is a list of adjustments:

There are no FRS102 adjustments to propose with any material impact to net equity, profit & loss or balance sheet.