

**BAY PLASTICS LIMITED**  
**Financial Statements**  
**30th September 2016**



# **BAY PLASTICS LIMITED**

## **Financial Statements**

**Year ended 30th September 2016**

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# **BAY PLASTICS LIMITED**

## **Officers and Professional Advisers**

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<b>Director</b>	M. Currell
<b>Registered office</b>	Unit H1 High Flatworth Tyne Tunnel Trading Estate North Shields Tyne and Wear NE29 7UZ
<b>Auditor</b>	Tait Walker LLP Chartered accountant & statutory auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
<b>Bankers</b>	HSBC Bank plc 279 Whitley Road Whitley Bay Tyne & Wear NE26 2SW

# **BAY PLASTICS LIMITED**

## **Strategic Report**

**Year ended 30th September 2016**

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### **Review of the business**

Another busy year with further sustained growth in all sectors of the business. Less investment into new machinery and products than in previous years with emphasis being put on recruitment and systems and people development, in particular to bolster the management team. To that end a Commercial Director was appointed in April and a Quality Manager in May. However, unfortunately the Commercial Manager was not the correct fit for the business and he left in September whilst the Quality Manager has made good progress in the quest to achieve the latest ISO accreditations with a target date of 1st October 2017. Following further review it was decided that, with a slight re-structuring of existing staff, a like-for-like replacement for the Commercial Director was not required and that the role of Organisational Development and HR Manager was more appropriate to the immediate needs of the business and this position was filled as of 05.12.2016. Robust systems and the continuous development thereof continue to deliver strong management performance in all key functions and this along with ongoing stringent stock control provides a solid foundation on which to build future growth.

### **Development and performance during the year**

All key performance indicators (KPI) exceeded target in the year. Together with continuing investment into systems and people development, new products and machinery, along with the ongoing emphasis on quality and training will increase efficiency of the business further.

### **Principal risks and uncertainties**

As outlined within the Directors report, together with the risk management thereof. Updated contracts with major supplier and customer alleviates risk factors proportionality.

### **Financial key performance indicators**

These include:

- Daily invoice total against budget
- Daily order intake against budget
- Daily margin achieved against budget
- Average cost per employee monthly including overtime
- Daily liquidity ratios
- Profit before tax

### **FINANCIAL RISK MANAGEMENT POLICY**

The company's principal financial instruments comprise cash and cash equivalents, factoring advances and asset finance. Other financial assets and liabilities, such as trade debtors, trade creditors and group balances, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

#### **INTEREST RATE RISKS**

The company borrows using a mix of fixed rate debt. Whilst fixed interest bearing is not exposed to cash flow interest rate risk, there is no opportunity for the company to enjoy a reduction in borrowing costs in markets where rates are falling. In contract, floating rate borrowings are exposed to cash flow risks as costs increased if market rates rise.

#### **PRICE RISKS**

There is exposure to changes in the carrying value of financial liabilities to the extent of the liabilities bearing interest at a fixed rate. The company does not deem the exposure to price changes in raw materials to be significant to consider hedging the cost of the materials.

# BAY PLASTICS LIMITED

## Strategic Report *(continued)*

Year ended 30th September 2016

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### CREDIT RISKS

Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate credit worthiness. The company uses invoice discounting for its debtors and takes out insurance to cover the event of default by a customer. This covers the company for 90% of the debt, therefore the credit risk exposure is only 10% of any insured debt.

### LIQUIDITY RISKS

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved by the directors and flexibility maintained by retaining surplus cash in readily accessible bank accounts and having access to a bank working capital facility.

### FOREIGN CURRENCY RISK

The company's principal transactions in foreign currency arise directly from the company's operating activities. The main risk arises from the movements in the Euro and US Dollar exchange rates. The company does not consider the risk to be of such significance to warrant any hedging activity..

This report was approved by the board of directors on 20/12/2016 and signed on behalf of the board by:



M. Currell  
Director

# **BAY PLASTICS LIMITED**

## **Director's Report**

### **Year ended 30th September 2016**

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The director presents his report and the financial statements of the company for the year ended 30th September 2016.

#### **Directors**

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

M. Currell

Ms D. McIver

(Resigned 28th January 2016)

#### **Dividends**

Particulars of recommended dividends are detailed in note 12 to the financial statements.

#### **Director's responsibilities statement**

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

#### **Auditor**

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

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

A resolution to reappoint Tait Walker LLP as auditors will be proposed at the forthcoming Annual General Meeting.

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# BAY PLASTICS LIMITED

## Director's Report *(continued)*

**Year ended 30th September 2016**

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This report was approved by the board of directors on 20/12/2016 and signed on behalf of the board by:



M. Currell  
Director

# **BAY PLASTICS LIMITED**

## **Independent Auditor's Report to the Shareholders of Bay Plastics Limited.**

**Year ended 30th September 2016**

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We have audited the financial statements of Bay Plastics Limited for the year ended 30th September 2016, on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditor**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# **BAY PLASTICS LIMITED**

## **Independent Auditor's Report to the Shareholders of Bay Plastics Limited.** (continued)

**Year ended 30th September 2016**

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Tait Walker LLP*

Brian Laidlaw BA CA (Senior Statutory Auditor)

For and on behalf of  
Tait Walker LLP  
Chartered accountant & statutory auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

*20th December 2016*

# BAY PLASTICS LIMITED

## Statement of Comprehensive Income

Year ended 30th September 2016

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	Note	2016 £	2015 £
Turnover	4	9,882,201	8,890,645
Cost of sales		6,065,754	5,390,994
Gross profit		3,816,447	3,499,651
Administrative expenses		3,079,998	2,958,323
Other operating income	5	4,620	767
Operating profit	6	741,069	542,095
Interest payable and similar charges	10	18,745	10,271
Profit on ordinary activities before taxation		722,324	531,824
Tax on profit on ordinary activities	11	(9,110)	(212,079)
Profit for the financial year and total comprehensive income		<u>731,434</u>	<u>743,903</u>

All the activities of the company are from continuing operations.

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The notes on pages 12 to 22 form part of these financial statements.

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# BAY PLASTICS LIMITED

## Statement of Financial Position

30th September 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	13	498,659	627,297
<b>Current assets</b>			
Stocks	14	958,978	952,346
Debtors	15	1,989,318	1,988,873
Cash at bank and in hand		108,117	151,950
		<u>3,056,413</u>	<u>3,093,169</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>2,256,179</u>	<u>1,659,854</u>
<b>Net current assets</b>		<u>800,234</u>	<u>1,433,315</u>
<b>Total assets less current liabilities</b>		<u>1,298,893</u>	<u>2,060,612</u>
<b>Creditors: amounts falling due after more than one year</b>	17	188,844	282,387
<b>Provisions</b>			
Taxation including deferred tax	19	73,228	82,338
<b>Net assets</b>		<u>1,036,821</u>	<u>1,695,887</u>
<b>Capital and reserves</b>			
Called up share capital	24	4,000	8,000
Capital redemption reserve	25	6,000	2,000
Profit and loss account	25	1,026,821	1,685,887
<b>Shareholders funds</b>		<u>1,036,821</u>	<u>1,695,887</u>

These financial statements were approved by the board of directors and authorised for issue on 20/12/2016, and are signed on behalf of the board by:



M. Currell  
Director

Company registration number: 02325035

The notes on pages 12 to 22 form part of these financial statements.

# BAY PLASTICS LIMITED

## Statement of Cash Flows

Year ended 30th September 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	731,434	743,903
<i>Adjustments for:</i>		
Depreciation of tangible assets	198,817	168,571
Government grant income	(4,620)	(767)
Interest payable and similar charges	18,745	10,271
Gains on disposal of tangible assets	(2,347)	(6,000)
Tax on profit on ordinary activities	(9,110)	(212,079)
Accrued expenses/(income)	73,652	(3,531)
<i>Changes in:</i>		
Stocks	(6,632)	219,517
Trade and other debtors	(445)	31,601
Trade and other creditors	530,136	(671,876)
Cash generated from operations	1,529,630	279,610
Interest paid	(18,745)	(10,271)
Tax received	–	77,036
Net cash from operating activities	<u>1,510,885</u>	<u>346,375</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(98,332)	(281,147)
Proceeds from sale of tangible assets	30,500	23,250
Net cash used in investing activities	<u>(67,832)</u>	<u>(257,897)</u>
<b>Cash flows from financing activities</b>		
Purchase of own shares	(1,200,000)	–
Government grant income	4,620	767
Payments of finance lease liabilities	(101,006)	121,117
Dividends paid	(190,500)	(164,300)
Net cash used in financing activities	<u>(1,486,886)</u>	<u>(42,416)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(43,833)</u>	<u>46,062</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>151,950</u>	<u>105,888</u>
<b>Cash and cash equivalents at end of year</b>	<u>108,117</u>	<u>151,950</u>

The notes on pages 12 to 22 form part of these financial statements.

# BAY PLASTICS LIMITED

## Statement of Changes in Equity

Year ended 30th September 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
<b>At 1st October 2014 (as previously reported)</b>	8,000	2,000	959,513	969,513
Prior period adjustments	—	—	146,771	146,771
<b>At 1st October 2014 (restated)</b>	<u>8,000</u>	<u>2,000</u>	<u>1,106,284</u>	<u>1,116,284</u>
Profit for the year	—	—	743,903	743,903
<b>Total comprehensive income for the year</b>	—	—	743,903	743,903
Dividends paid and payable 12	—	—	(164,300)	(164,300)
<b>Total investments by and distributions to owners</b>	—	—	(164,300)	(164,300)
<b>At 30th September 2015</b>	8,000	2,000	1,685,887	<b>1,695,887</b>
Profit for the year	—	—	731,434	<b>731,434</b>
<b>Total comprehensive income for the year</b>	—	—	731,434	<b>731,434</b>
Dividends paid and payable 12	—	—	(190,500)	(190,500)
Cancellation of subscribed capital	(4,000)	4,000	(1,200,000)	(1,200,000)
<b>Total investments by and distributions to owners</b>	(4,000)	4,000	(1,390,500)	(1,390,500)
<b>At 30th September 2016</b>	<u>4,000</u>	<u>6,000</u>	<u>1,026,821</u>	<u><b>1,036,821</b></u>

The notes on pages 12 to 22 form part of these financial statements.

# **BAY PLASTICS LIMITED**

## **Notes to the Financial Statements**

**Year ended 30th September 2016**

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### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit H1 High Flatworth, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7UZ.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The 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 applicable legislation as set out in Companies Act 2006 and Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical costs convention except for derivative financial instruments, investments in trading entities, investment properties and certain land and buildings.

The functional currency of the company is Pounds Sterling as this is the currency of the primary economic environment in which the Company operates.

#### **Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1st October 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Significant judgements**

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Assessing indicators of impairment** - In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterpart credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

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### 3. Accounting policies *(continued)*

#### Judgements and key sources of estimation uncertainty *(continued)*

##### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**Depreciation** - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy. The value of the depreciation charged to the income statement during the year was £198,817.

##### Revenue recognition

Turnover represents the value of sales made during the year net of discounts, returns and Value Added Tax and is recognised when the goods are physically delivered to the customer.

##### Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

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### 3. Accounting policies *(continued)*

#### **Depreciation**

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

Plant and machinery	- 20% straight line
Fixtures and fittings	- 15% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

#### **Stock**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Overheads are charged to profit or loss as incurred. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of stocks recognised as an expense in the period in which the reversal occurs.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.



# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

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### 3. Accounting policies *(continued)*

#### Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Financial instruments

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

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>9,882,201</u>	<u>8,890,645</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Other operating income

	2016 £	2015 £
Government grant income	<u>4,620</u>	<u>767</u>

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

### 6. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	198,817	168,571
Gains on disposal of tangible assets	(2,347)	(6,000)
Impairment of trade debtors	(8,483)	851

### 7. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	7,800	7,500

### 8. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2016 No.	2015 No.
Production staff	25	28
Distribution staff	18	6
Administrative staff	5	10
Number of directors	1	2
	<u>49</u>	<u>46</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	1,481,467	1,342,833
Social security costs	131,528	113,632
Other pension costs	143,350	186,686
	<u>1,756,345</u>	<u>1,643,151</u>

### 9. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	20,684	27,769
Company contributions to defined contribution pension plans	95,700	151,413
	<u>116,384</u>	<u>179,182</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No.	2015 No.
Defined contribution plans	<u>2</u>	<u>2</u>

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

### 10. Interest payable and similar charges

	2016 £	2015 £
Interest on obligations under finance leases and hire purchase contracts	10,071	6,603
Other interest payable and similar charges	<u>8,674</u>	<u>3,668</u>
	<u>18,745</u>	<u>10,271</u>

### 11. Tax on profit on ordinary activities

#### Major components of tax income

	2016 £	2015 £
<b>Current tax:</b>		
Adjustments in respect of prior periods	–	(197,577)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>(9,110)</u>	<u>(14,502)</u>
<b>Tax on profit on ordinary activities</b>	<u>(9,110)</u>	<u>(212,079)</u>

#### Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>722,324</u>	<u>531,824</u>
Profit on ordinary activities by rate of tax	144,465	106,365
Adjustment to tax charge in respect of prior periods	–	(197,577)
Effect of expenses not deductible for tax purposes	1,572	8,570
Effect of capital allowances and depreciation	19,179	(21,779)
Effect of revenue exempt from tax	(1,479)	–
Utilisation of tax losses	(25,222)	–
Unused tax losses	–	27,967
R&D credit	(138,515)	(121,123)
Accelerated capital allowances	(9,110)	15,406
Tax losses available	–	(29,354)
Other timing differences	–	(554)
<b>Tax on profit on ordinary activities</b>	<u>(9,110)</u>	<u>(212,079)</u>

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

### Year ended 30th September 2016

#### 12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Dividends on equity shares	<u>190,500</u>	<u>164,300</u>

Dividends paid to the period to 28th January 2016 on the ordinary shares of £74,000 represented £9.25 per share.

Dividends paid after the 28th January 2016 on the ordinary shares of £116,500 represented £29.125 per share.

#### 13. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 October 2015	1,147,549	150,117	187,147	33,044	<b>1,517,857</b>
Additions	55,648	17,522	–	25,162	<b>98,332</b>
Disposals	(13,333)	–	(43,612)	–	<b>(56,945)</b>
<b>At 30 September 2016</b>	<u><b>1,189,864</b></u>	<u><b>167,639</b></u>	<u><b>143,535</b></u>	<u><b>58,206</b></u>	<u><b>1,559,244</b></u>
<b>Depreciation</b>					
At 1 October 2015	733,520	94,397	41,782	20,861	<b>890,560</b>
Charge for the year	135,248	20,010	33,846	9,713	<b>198,817</b>
Disposals	(13,333)	–	(15,459)	–	<b>(28,792)</b>
<b>At 30 September 2016</b>	<u><b>855,435</b></u>	<u><b>114,407</b></u>	<u><b>60,169</b></u>	<u><b>30,574</b></u>	<u><b>1,060,585</b></u>
<b>Carrying amount</b>					
<b>At 30 September 2016</b>	<u><b>334,429</b></u>	<u><b>53,232</b></u>	<u><b>83,366</b></u>	<u><b>27,632</b></u>	<u><b>498,659</b></u>
At 30 September 2015	<u>414,029</u>	<u>55,720</u>	<u>145,365</u>	<u>12,183</u>	<u>627,297</u>

#### 14. Stocks

	2016 £	2015 £
Raw materials and consumables	<b>841,188</b>	848,433
Work in progress	<b>20,102</b>	40,745
Finished goods and goods for resale	<b>97,688</b>	63,168
	<u><b>958,978</b></u>	<u>952,346</u>

The stock expenses to cost of sales within the income statement amounted to £6,065,754 (2015 : £5,390,994).

Stock is stated after provisions of £54,205 (2015 : £60,000). Impairment losses during the period of £48,205 has been charged to cost of sales.

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

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### 15. Debtors

	2016	2015
	£	£
Trade debtors	1,923,612	1,674,457
Prepayments and accrued income	65,706	50,435
Invoice finance	–	263,981
	<u>1,989,318</u>	<u>1,988,873</u>

The provision for bad debts included in trade debtors amounted to £10,582 (2015 : £18,365).

The impairment gain during the period of £7,783 has been charged to administration expenses.

### 16. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,698,563	1,298,706
Accruals and deferred income	186,004	112,352
Social security and other taxes	247,558	147,790
Obligations under finance leases and hire purchase contracts	88,923	101,006
Invoice finance	35,131	–
	<u>2,256,179</u>	<u>1,659,854</u>

Bank facilities provided by HSBC plc are secured by way of a first mortgage over HSBC life policy, general letter of pledge and a fixed and floating charge over book and other debts and assets.

Liabilities relating to hire purchase and finance lease agreements creditors are secured against the assets to which they relate.

### 17. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Accruals and deferred income	10,593	15,213
Obligations under finance leases and hire purchase contracts	178,251	267,174
	<u>188,844</u>	<u>282,387</u>

Liabilities relating to hire purchase and finance lease agreements creditors are secured against the assets to which they relate.

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

### Year ended 30th September 2016

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#### 18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016 £	2015 £
Not later than 1 year	88,923	101,006
Later than 1 year and not later than 5 years	178,251	267,174
	<u>267,174</u>	<u>368,180</u>

#### 19. Provisions

	Deferred tax (note 20) £
At 1st October 2015	82,338
Charge against provision	(9,110)
At 30th September 2016	<u>73,228</u>

#### 20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 19)	<u>73,228</u>	<u>82,338</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	79,993	112,246
Unused tax losses	(6,765)	(29,354)
Deferred tax - other timing differences	—	(554)
	<u>73,228</u>	<u>82,338</u>

The net deferred tax liability expected to reverse in 2016/17 is £44,410. This relates to the reversal of timing differences on capital allowances.

#### 21. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £143,350 (2015: £186,686).

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

### 22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2016 £	2015 £
Recognised in creditors:		
Deferred government grants due within one year	4,620	4,620
Deferred government grants due after more than one year	10,593	15,213
	<u>15,213</u>	<u>19,833</u>
Recognised in other operating income:		
Government grants recognised directly in income	4,620	767
	<u>4,620</u>	<u>767</u>

### 23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	2,031,729	2,090,388
	<u>2,031,729</u>	<u>2,090,388</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	2,000,868	1,666,886
	<u>2,000,868</u>	<u>1,666,886</u>

### 24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>	<u>8,000</u>	<u>8,000</u>
<b>Share movements</b>				
Ordinary			No.	£
At 1st October 2015			8,000	8,000
Shares cancelled			(4,000)	(4,000)
<b>At 30th September 2016</b>			<u>4,000</u>	<u>4,000</u>

Called up share capital represents the nominal value of shares that have been issued.

On 28th January 2016 the company recognised a share buy-back of 4,000 £1 shares for a total consideration of £1,200,000, on the same date the shares were subsequently cancelled.

# BAY PLASTICS LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 30th September 2016

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### 25. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 26. Operating leases

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

	2016	2015
	£	£
Not later than 1 year	152,295	158,416
Later than 1 year and not later than 5 years	586,183	595,076
Later than 5 years	59,846	202,179
	<u>798,324</u>	<u>955,671</u>

### 27. Related party transactions

The company rented unit C18 from the small self administered pension scheme whose sole beneficiaries are directors, M. Currell and Ms D. McIver. During the year the company paid £11,000 (2015 - £11,000) for the rent, at full market valuation, of unit C18 and there was £nil (2015 - £nil) outstanding at the year end.

M. Currell, a director, received dividends totalling £153,500 (2015 - £82,150) during the year.

Ms D. McIver, a director who resigned in the year, received dividends totalling £37,000 (2015 - £82,150) during the year.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £114,133 (2015: £167,116).

### 28. Controlling party

The company is under the control of its director M. Currell.

### 29. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st October 2014.

No transitional adjustments were required in equity or profit or loss for the year.