

COMPANY REGISTRATION NUMBER: 02325035

BAY PLASTICS LIMITED
Financial Statements
30th September 2017

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BAY PLASTICS LIMITED

Financial Statements

Year ended 30th September 2017

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BAY PLASTICS LIMITED

Officers and Professional Advisers

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

BAY PLASTICS LIMITED

Strategic Report

Year ended 30th September 2017

Review of the business

During financial year 2016/2017 the plastics market has experienced unprecedented conditions with Force Majeure being declared at several major monomer plants resulting in huge upward price pressure and material supply shortages. This, alongside CASS and some large retail projects from 2015/2016 not repeating as indicated or hoped for, on top of a general slowdown in business as a whole, and a retraction in the light guide panel business has presented numerous unpredictable sets of circumstances which have created a lot of uncertainty and resulted in a lot of management time being expended simply to stay abreast of budgets, costs and margins to ensure the good health of the business and the security of its stakeholders.

That said, despite a significant reduction in sales, due to the management of margin and costs, we have remained profitable, although well behind that of last year. This has resulted in us having to re-evaluate our budget several times throughout the year and to revise our program of investment.

Early part of 2017/2018 will be a period of consolidation whilst the marketplace settles down followed by much change as we work towards introducing new systems and disciplines required to harness technological advances which will lay the foundation for 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 there of. 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

BAY PLASTICS LIMITED

Strategic Report *(continued)*

Year ended 30th September 2017

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 contrast, 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.

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 17.12.2017 and signed on behalf of the board by:



M. Currell
Director

BAY PLASTICS LIMITED

Director's Report

Year ended 30th September 2017

The director presents his report and the financial statements of the company for the year ended 30th September 2017.

Principal activities

The principal activity of the company during the year was the supply, conversion and fabrication of various plastic materials.

Director

The director who served the company during the year was as follows:

M. Currell

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.

BAY PLASTICS LIMITED

Director's Report *(continued)*

Year ended 30th September 2017

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.

This report was approved by the board of directors on 17.12.2017 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 2017

Opinion

We have audited the financial statements of Bay Plastics Limited (the 'company') for the year ended 30th September 2017 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

BAY PLASTICS LIMITED

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

Year ended 30th September 2017

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

BAY PLASTICS LIMITED

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

(continued)

Year ended 30th September 2017

Responsibilities of the director

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

BAY PLASTICS LIMITED

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

Year ended 30th September 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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

19th December 2017

BAY PLASTICS LIMITED

Income Statement

Year ended 30th September 2017

	Note	2017 £	2016 £
Turnover	4	8,354,525	9,882,201
Cost of sales		(4,829,986)	(6,065,754)
Gross profit		3,524,539	3,816,447
Administrative expenses		(3,032,484)	(3,079,998)
Other operating income	5	4,620	4,620
Operating profit	6	496,675	741,069
Interest payable and similar expenses	10	(10,472)	(18,745)
Profit before taxation		486,203	722,324
Tax on profit	11	39,798	9,110
Profit for the financial year		<u>526,001</u>	<u>731,434</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 14 to 24 form part of these financial statements.

BAY PLASTICS LIMITED

Statement of Financial Position

30th September 2017

	Note	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	13		352,795		498,659
Current assets					
Stocks	14	1,195,380		958,978	
Debtors	15	1,695,207		1,989,318	
Cash at bank and in hand		133,246		108,117	
		3,023,833		3,056,413	
Creditors: amounts falling due within one year	16	(1,725,875)		(2,256,179)	
Net current assets			1,297,958		800,234
Total assets less current liabilities			1,650,753		1,298,893
Creditors: amounts falling due after more than one year	17		(95,301)		(188,844)
Provisions					
Taxation including deferred tax	19		(33,430)		(73,228)
Net assets			1,522,022		1,036,821
Capital and reserves					
Called up share capital	24		4,000		4,000
Capital redemption reserve	25		6,000		6,000
Profit and loss account	25		1,512,022		1,026,821
Shareholders funds			1,522,022		1,036,821

These financial statements were approved by the board of directors and authorised for issue on 13.12.2017, and are signed on behalf of the board by:

M. Currell

M. Currell
Director

Company registration number: 02325035

The notes on pages 14 to 24 form part of these financial statements.

BAY PLASTICS LIMITED

Statement of Changes in Equity

Year ended 30th September 2017

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1st October 2015		8,000	2,000	1,685,887	1,695,887
Profit for the year		—	—	731,434	731,434
Total comprehensive income for the year		—	—	731,434	731,434
Dividends paid and payable	12	—	—	(190,500)	(190,500)
Cancellation of subscribed capital		(4,000)	4,000	(1,200,000)	(1,200,000)
Total investments by and distributions to owners		(4,000)	4,000	(1,390,500)	(1,390,500)
At 30th September 2016		4,000	6,000	1,026,821	1,036,821
Profit for the year		—	—	526,001	526,001
Total comprehensive income for the year		—	—	526,001	526,001
Dividends paid and payable	12	—	—	(40,800)	(40,800)
Total investments by and distributions to owners		—	—	(40,800)	(40,800)
At 30th September 2017		<u>4,000</u>	<u>6,000</u>	<u>1,512,022</u>	<u>1,522,022</u>

The notes on pages 14 to 24 form part of these financial statements.

BAY PLASTICS LIMITED

Statement of Cash Flows

Year ended 30th September 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	526,001	731,434
<i>Adjustments for:</i>		
Depreciation of tangible assets	179,304	198,817
Government grant income	(4,620)	(4,620)
Interest payable and similar expenses	10,472	18,745
Gains on disposal of tangible assets	–	(2,347)
Tax on profit	(39,798)	(9,110)
<i>Changes in:</i>		
Stocks	(236,402)	(6,632)
Trade and other debtors	294,111	(445)
Trade and other creditors	(534,924)	603,788
Cash generated from operations	194,144	1,529,630
Interest paid	(10,472)	(18,745)
Net cash from operating activities	<u>183,672</u>	<u>1,510,885</u>
Cash flows from investing activities		
Purchase of tangible assets	(33,440)	(98,332)
Proceeds from sale of tangible assets	–	30,500
Net cash used in investing activities	<u>(33,440)</u>	<u>(67,832)</u>
Cash flows from financing activities		
Purchase of own shares	–	(1,200,000)
Government grant income	4,620	4,620
Payments of finance lease liabilities	(88,923)	(101,006)
Dividends paid	(40,800)	(190,500)
Net cash used in financing activities	<u>(125,103)</u>	<u>(1,486,886)</u>
Net increase/(decrease) in cash and cash equivalents	25,129	(43,833)
Cash and cash equivalents at beginning of year	108,117	151,950
Cash and cash equivalents at end of year	<u>133,246</u>	<u>108,117</u>

The notes on pages 14 to 24 form part of these financial statements.

BAY PLASTICS LIMITED

Notes to the Financial Statements

Year ended 30th September 2017

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 on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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.

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

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 2017

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

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

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.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>8,354,525</u>	<u>9,882,201</u>

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

4. Turnover *(continued)*

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

5. Other operating income

	2017	2016
	£	£
Government grant income	<u>4,620</u>	<u>4,620</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	179,304	198,817
Gains on disposal of tangible assets	–	(2,347)
Impairment of trade debtors	<u>4,260</u>	<u>(8,483)</u>

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>8,000</u>	<u>7,800</u>

8. Staff costs

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

	2017	2016
	No.	No.
Production staff	28	25
Distribution staff	20	18
Administrative staff	6	5
Number of directors	<u>1</u>	<u>1</u>
	<u>55</u>	<u>49</u>

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

	2017	2016
	£	£
Wages and salaries	1,515,259	1,481,467
Social security costs	133,875	131,528
Other pension costs	<u>100,157</u>	<u>143,350</u>
	<u>1,749,291</u>	<u>1,756,345</u>

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

9. Director's remuneration

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

	2017	2016
	£	£
Remuneration	13,832	20,684
Company contributions to defined contribution pension plans	45,990	95,700
	<u>59,822</u>	<u>116,384</u>

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

	2017	2016
	No.	No.
Defined contribution plans	<u>1</u>	<u>2</u>

10. Interest payable and similar expenses

	2017	2016
	£	£
Interest on obligations under finance leases and hire purchase contracts	9,531	10,071
Other interest payable and similar charges	<u>941</u>	<u>8,674</u>
	<u>10,472</u>	<u>18,745</u>

11. Tax on profit

Major components of tax income

	2017	2016
	£	£
Deferred tax:		
Origination and reversal of timing differences	(39,798)	(9,110)
Tax on profit	<u>(39,798)</u>	<u>(9,110)</u>

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

11. Tax on profit *(continued)*

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>486,203</u>	<u>722,324</u>
Profit on ordinary activities by rate of tax	97,241	144,465
Effect of expenses not deductible for tax purposes	2,191	1,572
Effect of capital allowances and depreciation	28,708	19,179
Effect of revenue exempt from tax	(924)	(1,479)
Utilisation of tax losses	(19,036)	(25,222)
R&D credit	(146,252)	(138,515)
Accelerated capital allowances	<u>(1,726)</u>	<u>(9,110)</u>
Tax on profit	<u>(39,798)</u>	<u>(9,110)</u>

12. Dividends

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

	2017 £	2016 £
Dividends on equity shares	<u>40,800</u>	<u>190,500</u>

This represents an amount of £10.20 (2016: £47.625) per ordinary share.

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

13. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1st October 2016	1,189,864	167,639	143,535	58,206	1,559,244
Additions	<u>33,440</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,440</u>
At					
30th September 2017	<u>1,223,304</u>	<u>167,639</u>	<u>143,535</u>	<u>58,206</u>	<u>1,592,684</u>
Depreciation					
At 1st October 2016	855,435	114,407	60,169	30,574	1,060,585
Charge for the year	<u>119,476</u>	<u>17,358</u>	<u>31,520</u>	<u>10,950</u>	<u>179,304</u>
At					
30th September 2017	<u>974,911</u>	<u>131,765</u>	<u>91,689</u>	<u>41,524</u>	<u>1,239,889</u>
Carrying amount					
At					
30th September 2017	<u>248,393</u>	<u>35,874</u>	<u>51,846</u>	<u>16,682</u>	<u>352,795</u>
At 30th September 2016	<u>334,429</u>	<u>53,232</u>	<u>83,366</u>	<u>27,632</u>	<u>498,659</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £	Total £
At 30th September 2017	<u>124,115</u>	<u>49,615</u>	<u>173,730</u>
At 30th September 2016	<u>199,851</u>	<u>83,366</u>	<u>283,217</u>

14. Stocks

	2017 £	2016 £
Raw materials and consumables	1,133,003	841,188
Work in progress	10,086	20,102
Finished goods and goods for resale	<u>52,291</u>	<u>97,688</u>
	<u>1,195,380</u>	<u>958,978</u>

Stock recognised as an expense in the year was £4,829,986 (2016 : £6,065,754).

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

15. Debtors

	2017	2016
	£	£
Trade debtors	1,469,343	1,923,612
Prepayments and accrued income	57,761	65,706
Invoice finance	168,103	–
	<u>1,695,207</u>	<u>1,989,318</u>

An impairment loss of £4,260 was recognised in administrative expenses during the year. The impairment provision recognised at the year end is £13,190 (2016 : £10,582).

16. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,354,219	1,698,563
Accruals and deferred income	129,627	186,004
Social security and other taxes	153,106	247,558
Obligations under finance leases and hire purchase contracts	88,923	88,923
Invoice finance	–	35,131
	<u>1,725,875</u>	<u>2,256,179</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

	2017	2016
	£	£
Accruals and deferred income	5,973	10,593
Obligations under finance leases and hire purchase contracts	89,328	178,251
	<u>95,301</u>	<u>188,844</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 2017

18. Finance leases and hire purchase contracts

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

	2017	2016
	£	£
Not later than 1 year	88,923	88,923
Later than 1 year and not later than 5 years	89,328	178,251
	<u>178,251</u>	<u>267,174</u>

19. Provisions

	Deferred tax (note 20) £
At 1st October 2016	73,228
Charge against provision	(39,798)
At 30th September 2017	<u>33,430</u>

20. Deferred tax

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

	2017	2016
	£	£
Included in provisions (note 19)	<u>33,430</u>	<u>73,228</u>

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

	2017	2016
	£	£
Accelerated capital allowances	56,376	79,993
Unused tax losses	(22,946)	(6,765)
	<u>33,430</u>	<u>73,228</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £54,167 (2016: £47,650).

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

22. Government grants

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

	2017 £	2016 £
Recognised in creditors:		
Deferred government grants due within one year	4,620	4,620
Deferred government grants due after more than one year	5,973	10,593
	<u>10,593</u>	<u>15,213</u>
Recognised in other operating income:		
Government grants recognised directly in income	4,620	4,620

23. Financial instruments

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

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	1,770,692	2,031,729
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	1,507,325	2,000,868

24. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>

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:

	2017 £	2016 £
Not later than 1 year	180,586	152,295
Later than 1 year and not later than 5 years	585,087	586,183
Later than 5 years	—	59,846
	<u>765,673</u>	<u>798,324</u>

BAY PLASTICS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30th September 2017

27. Related party transactions

M. Currell, the director, received dividends totalling £40,800 (2016: £153,500) 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 £59,822 (2016: £114,133).

28. Controlling party

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