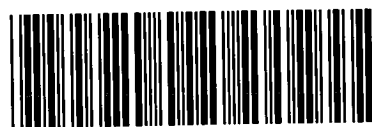


Registration number: 02325035

**BAY PLASTICS LIMITED**  
Annual Report and Financial Statements  
for the Year Ended 30 September 2018

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# **Bay Plastics Limited**

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# **Bay Plastics Limited**

## **Company Information**

**Director** M Currell

**Registered office** Unit H1 High Flatworth  
Tyne Tunnel Trading Estate  
North Shields  
Tyne and Wear  
NE29 7UZ

**Bankers** HSBC Bank plc  
279 Whitley Road  
Whitley Bay  
Tyne and Wear  
NE26 2SW

**Auditor** Tait Walker LLP  
Chartered Accountants & Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

# **Bay Plastics Limited**

## **Strategic Report for the Year Ended 30 September 2018**

The director presents his strategic report for the year ended 30 September 2018.

### **Principal activity**

The principal activity of the company is supply, conversion and fabrication of various plastic materials.

### **Fair review of the business**

During financial year 2017/2018 supply pressures and prices in the plastics market have stabilised although there is still uncertainty as to how long this will last with further pressures expected with certain raw materials. This will be closely monitored with our supply partners to minimise the risk of product shortage and/or price volatility.

Business with our top clients has slowed due to Far East imports affecting their competitiveness. However, growth throughout our smaller clients coupled with winning new business has compensated for this somewhat. The retail sector in particular is struggling with substantially less being spent on in-store displays so we continue to explore new market places for our products and services.

A full review of the business has identified several areas for investment, namely in ERP system, CAD/CAM and Industry 4.0 technology. All of these areas require the correct skills set in order to fully harness the new technologies. This has resulted in a full review of our human resources which is still ongoing with changes expected as requirements are clarified.

Strong management systems continue to stay abreast of budgets, costs and margins to ensure the good health of the business and the security of its stakeholders.

Financial year 2018/2019 will be a period of consolidation whilst decisions are taken as to how to re-structure the business to prepare it fully to take advantage of planned investment and whilst a reduction in turnover is expected, profitability is expected to remain consistent driven by cost saving and enhanced margin contribution.

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

All key performance indicators (KPI) continue to be monitored with early intervention being taken when necessary to ensure sales and profitability targets are met.

### **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

### **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.

# Bay Plastics Limited

## Strategic Report for the Year Ended 30 September 2018 (continued)

### 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.

### CYBER CRIME AND FRAUD RISK

This is an ever evolving area for concern with criminals becoming more and more sophisticated so essential partnerships and constant communication with our banks, I.T. providers and insurers have been established to mitigate any future risk from cyber crime and fraud.

Approved by the director on 13 Dec 18 and signed on its behalf by:



M Currell  
Director

# Bay Plastics Limited

## Director's Report for the Year Ended 30 September 2018

The director presents his report and the financial statements for the year ended 30 September 2018.

### **Director of the company**

The director who held office during the year was as follows:

M Currell

### **Financial instruments**

#### ***Objectives and policies***

The company finances its activities with a combination of finance leases and hire purchase contracts, cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

See disclosures in the Strategic Report in respect of the financial risk management of the company.

### **Future developments**

See disclosures within the Strategic Report regarding future developments of the Company.

### **Disclosure of information to the auditor**

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

### **Reappointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Tait Walker LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the director on 13 December 2018 and signed on its behalf by:



.....  
M Currell  
Director

## **Bay Plastics Limited**

### **Statement of Director's Responsibilities**

The director acknowledges his responsibilities for preparing the Annual 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 of 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 him 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**

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

### **Opinion**

We have audited the financial statements of Bay Plastics Limited (the 'company') for the year ended 30 September 2018, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.



# **Bay Plastics Limited**

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

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

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

- the information given in the Strategic Report and 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 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

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

### **Responsibilities of the director**

As explained more fully in the Statement of Director's Responsibilities (set out on page 5), 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 have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Bay Plastics Limited**

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

#### **Use of our report**

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

*Tait Walker LP*

.....  
Brian Laidlaw BA CA (Senior Statutory Auditor)  
For and on behalf of Tait Walker LLP  
Chartered Accountants and Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: *20th December 2018*

## Bay Plastics Limited

### Income Statement for the Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover	3	8,611,160	8,354,525
Cost of sales		<u>(5,146,743)</u>	<u>(4,829,986)</u>
Gross profit		<u>3,464,417</u>	<u>3,524,539</u>
Administrative expenses		(3,141,870)	(3,032,484)
Exceptional administrative expenses	5	<u>(96,706)</u>	<u>-</u>
Total administrative expenses		(3,238,576)	(3,032,484)
Other operating income	4	<u>4,620</u>	<u>4,620</u>
Operating profit	5	230,461	496,675
Interest payable and similar expenses	6	<u>(9,968)</u>	<u>(10,472)</u>
Profit before tax		220,493	486,203
Taxation	10	<u>75,412</u>	<u>39,798</u>
Profit for the financial year		<u><u>295,905</u></u>	<u><u>526,001</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 25 form an integral part of these financial statements.

# Bay Plastics Limited

(Registration number: 02325035)

## Statement of Financial Position as at 30 September 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	209,253	352,795
<b>Current assets</b>			
Stocks	12	1,131,727	1,195,380
Debtors	13	1,920,975	1,695,207
Cash at bank and in hand		90,333	133,246
		<u>3,143,035</u>	<u>3,023,833</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(1,585,118)</u>	<u>(1,725,875)</u>
<b>Net current assets</b>		<u>1,557,917</u>	<u>1,297,958</u>
<b>Total assets less current liabilities</b>		1,767,170	1,650,753
<b>Creditors: Amounts falling due after more than one year</b>	15	(36,703)	(95,301)
<b>Provisions for liabilities</b>	17	<u>(10,140)</u>	<u>(33,430)</u>
<b>Net assets</b>		<u>1,720,327</u>	<u>1,522,022</u>
<b>Capital and reserves</b>			
Called up share capital	20	4,000	4,000
Capital redemption reserve	21	6,000	6,000
Profit and loss account	21	<u>1,710,327</u>	<u>1,512,022</u>
<b>Total equity</b>		<u>1,720,327</u>	<u>1,522,022</u>

Approved and authorised by the director on 13 December 2018

*M. Currell*

M Currell  
Director

The notes on pages 13 to 25 form an integral part of these financial statements.

## Bay Plastics Limited

### Statement of Changes in Equity for the Year Ended 30 September 2018

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2016	4,000	6,000	1,026,821	1,036,821
Profit for the year	-	-	526,001	526,001
Total comprehensive income	-	-	526,001	526,001
Dividends	-	-	(40,800)	(40,800)
At 30 September 2017	4,000	6,000	1,512,022	1,522,022

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2017	4,000	6,000	1,512,022	1,522,022
Profit for the year	-	-	295,905	295,905
Total comprehensive income	-	-	295,905	295,905
Dividends	-	-	(97,600)	(97,600)
At 30 September 2018	4,000	6,000	1,710,327	1,720,327

The notes on pages 13 to 25 form an integral part of these financial statements.

# Bay Plastics Limited

## Statement of Cash Flows for the Year Ended 30 September 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the year	295,905	526,001
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	169,631	179,304
Finance costs	9,968	10,472
Taxation	(75,412)	(39,798)
	<u>400,092</u>	<u>675,979</u>
Working capital adjustments		
Decrease/(increase) in stocks	63,653	(236,402)
(Increase)/decrease in debtors	(173,646)	294,111
Decrease in creditors	(105,812)	(495,173)
Decrease in deferred income, including government grants	(4,620)	(4,620)
Net cash flow from operating activities	<u>179,667</u>	<u>233,895</u>
<b>Cash flows from investing activities</b>		
Acquisitions of tangible assets	(26,089)	(33,440)
<b>Cash flows from financing activities</b>		
Interest paid	(9,968)	(10,472)
Repayment of other borrowing	-	(35,131)
Payments to finance lease creditors	(88,923)	(88,923)
Dividends paid	(97,600)	(40,800)
Net cash flows from financing activities	<u>(196,491)</u>	<u>(175,326)</u>
Net (decrease)/increase in cash and cash equivalents	(42,913)	25,129
Cash and cash equivalents at 1 October	<u>133,246</u>	<u>108,117</u>
Cash and cash equivalents at 30 September	<u><u>90,333</u></u>	<u><u>133,246</u></u>

The notes on pages 13 to 25 form an integral part of these financial statements.

# **Bay Plastics Limited**

## **Notes to the Financial Statements for the Year Ended 30 September 2018**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Unit H1 High Flatworth, Tyne Tunnel Trading Estate, North Shields, Tyne and Wear, NE29 7UZ.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention.

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

#### **Going concern**

The financial statements have been prepared on a going concern basis:

#### **Judgements**

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.

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 indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

# Bay Plastics Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

### 2 Accounting policies (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:

**Useful economic lives of tangible assets** - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

**Stock provision** - The company has made an assumption of writing down the value of stock on items in which they expect the cost to exceed the net realisable value before it is fully sold/utilised. This assumption has involved looking at the historic sales patterns and expected sales in future years.

**Impairment of debtors** - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

#### 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 a deferred income and not deducted from the carrying amount of the asset.

#### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.



# Bay Plastics Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

### 2 Accounting policies (continued)

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	20% straight line
Fixtures and fittings	15% straight line
Motor vehicles	25% straight line
Computer equipment	25% straight line

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### Trade creditors

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

# **Bay Plastics Limited**

## **Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)**

### **2 Accounting policies (continued)**

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Bay Plastics Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Sale of goods	<u>8,611,160</u>	<u>8,354,525</u>

The analysis of the company's turnover for the year by market is as follows:

	2018 £	2017 £
UK	<u>8,611,160</u>	<u>8,354,525</u>

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Government grants	<u>4,620</u>	<u>4,620</u>

#### 5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	169,631	179,304
Impairment loss	5,690	4,260
Operating lease expense - plant and machinery	12,888	13,748
Operating lease expense - other	13,512	11,724
Exceptional administrative expenses	<u>96,706</u>	<u>-</u>

During the year the company suffered a banking fraud resulting in an expense of £96,706. This has been disclosed as an exceptional administrative expense.

#### 6 Interest payable and similar expenses

	2018 £	2017 £
Interest on obligations under finance leases and hire purchase contracts	9,531	9,531
Other finance costs	<u>437</u>	<u>941</u>
	<u>9,968</u>	<u>10,472</u>

## Bay Plastics Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

#### 7 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	1,432,186	1,391,991
Social security costs	131,940	133,875
Pension costs, defined contribution scheme	74,365	54,167
Other post-employment benefit costs	15,990	45,990
	<u>1,654,481</u>	<u>1,626,023</u>

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Production	29	28
Administration and support	5	6
Distribution	20	20
Management	1	1
	<u>55</u>	<u>55</u>

#### 8 Director's remuneration

The director's remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	<u>9,080</u>	<u>13,832</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

#### 9 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>8,500</u>	<u>8,000</u>

# Bay Plastics Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

### 10 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	(52,122)	-
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(26,033)	(39,798)
Arising from changes in tax rates and laws	2,743	-
Total deferred taxation	(23,290)	(39,798)
Tax receipt in the income statement	(75,412)	(39,798)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	220,493	486,203
Corporation tax at standard rate	41,894	97,241
Effect of expense not deductible in determining taxable profit (tax loss)	1,852	1,267
Effect of tax losses	-	(19,036)
UK deferred tax expense (credit) relating to changes in tax rates or laws	2,743	-
Tax increase (decrease) from effect of capital allowances and depreciation	-	28,708
Tax increase (decrease) from other short-term timing differences	-	(1,726)
Tax increase (decrease) from effect of adjustment in research and development tax credit	(121,901)	(146,252)
Total tax credit	(75,412)	(39,798)

### Deferred tax

Deferred tax assets and liabilities

2018	Liability £
Accelerated capital allowances	33,083
Unused tax losses	(22,943)
	10,140

# Bay Plastics Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

### 10 Taxation (continued)

	Liability £
<b>2017</b>	
Accelerated capital allowances	56,376
Unused tax losses	<u>(22,946)</u>
	<u>33,430</u>

### 11 Tangible assets

	Fixtures and fittings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 October 2017	167,639	1,223,304	58,206	143,535	1,592,684
Additions	<u>-</u>	<u>26,089</u>	<u>-</u>	<u>-</u>	<u>26,089</u>
At 30 September 2018	<u>167,639</u>	<u>1,249,393</u>	<u>58,206</u>	<u>143,535</u>	<u>1,618,773</u>
<b>Depreciation</b>					
At 1 October 2017	131,765	974,911	41,524	91,689	1,239,889
Charge for the year	<u>15,091</u>	<u>117,877</u>	<u>7,373</u>	<u>29,290</u>	<u>169,631</u>
At 30 September 2018	<u>146,856</u>	<u>1,092,788</u>	<u>48,897</u>	<u>120,979</u>	<u>1,409,520</u>
<b>Carrying amount</b>					
At 30 September 2018	<u>20,783</u>	<u>156,605</u>	<u>9,309</u>	<u>22,556</u>	<u>209,253</u>
At 30 September 2017	<u>35,874</u>	<u>248,393</u>	<u>16,682</u>	<u>51,846</u>	<u>352,795</u>

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2018 £	2017 £
Plant and machinery	50,119	124,115
Motor vehicles	<u>22,556</u>	<u>49,615</u>
	<u>72,675</u>	<u>173,730</u>

# Bay Plastics Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

### 12 Stocks

	2018 £	2017 £
Raw materials and consumables	1,056,824	1,133,003
Work in progress	16,151	10,086
Finished goods and goods for resale	58,752	52,291
	<u>1,131,727</u>	<u>1,195,380</u>

The cost of stocks recognised as an expense in the year amounted to £5,146,743 (2017 - £4,829,986).

### 13 Debtors

	2018 £	2017 £
Trade debtors	1,497,202	1,469,343
Other debtors	323,763	168,103
Prepayments	47,888	57,761
Corporation tax asset	52,122	-
	<u>1,920,975</u>	<u>1,695,207</u>

### 14 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	<u>90,333</u>	<u>133,246</u>

### 15 Creditors

	Note	2018 £	2017 £
<b>Due within one year</b>			
Loans and borrowings	16	53,978	88,923
Trade creditors		1,257,948	1,354,219
Social security and other taxes		147,883	153,106
Accrued expenses		120,689	125,007
Deferred income		4,620	4,620
		<u>1,585,118</u>	<u>1,725,875</u>
<b>Due after one year</b>			
Loans and borrowings	16	35,350	89,328
Deferred income		1,353	5,973
		<u>36,703</u>	<u>95,301</u>

## Bay Plastics Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

#### 15 Creditors (continued)

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.

#### 16 Loans and borrowings

	2018 £	2017 £
<b>Current loans and borrowings</b>		
Finance lease liabilities	<u>53,978</u>	<u>88,923</u>

	2018 £	2017 £
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>35,350</u>	<u>89,328</u>

#### 17 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 October 2017	33,430	33,430
Provisions used	<u>(23,290)</u>	<u>(23,290)</u>
At 30 September 2018	<u>10,140</u>	<u>10,140</u>

#### 18 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £74,365 (2017 - £54,167).



## Bay Plastics Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

#### 19 Government grants

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

	2018 £	2017 £
<b>Recognised in creditors:</b>		
Deferred government grants due within one year	4,620	4,620
Deferred government grants due after more than one year	1,353	5,973
	<u>5,973</u>	<u>10,593</u>
<b>Recognised in other operating income:</b>		
Government grants recognised directly in income	<u>4,620</u>	<u>4,620</u>

#### 20 Share capital

##### Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary of £1 each	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>

#### 21 Reserves

##### Capital redemption reserve

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

##### Profit and loss account

The reserve records retained earnings and accumulated losses.

## Bay Plastics Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

#### 22 Obligations under leases and hire purchase contracts

##### Finance leases

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

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	53,978	88,923
Later than one year and not later than five years	35,350	89,328
	<u>89,328</u>	<u>178,251</u>

##### Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	182,812	180,586
Later than one year and not later than five years	420,975	585,087
	<u>603,787</u>	<u>765,673</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £187,865 (2017 - £175,288).

#### 23 Dividends

##### Final dividends paid

	2018 £	2017 £
Final dividend of £24.40 (2017 - £10.20) per each Ordinary share	<u>97,600</u>	<u>40,800</u>

#### 24 Commitments

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £34,500 (2017 - £Nil).

# Bay Plastics Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018 (continued)

### 25 Related party transactions

#### Key management compensation

	2018 £	2017 £
Salaries and other short term employee benefits	<u>25,070</u>	<u>59,822</u>

#### Dividends paid to directors

	2018 £	2017 £
<b>M Currell</b>		
Total dividends paid in the year	<u>97,600</u>	<u>40,800</u>

### 26 Financial instruments

#### Categorisation of financial instruments

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost	<u>1,911,298</u>	<u>1,770,692</u>
	<u>1,911,298</u>	<u>1,770,692</u>
Financial liabilities measured at amortised cost	<u>1,580,339</u>	<u>1,507,325</u>
	<u>1,580,339</u>	<u>1,507,325</u>

#### Impairment

##### Trade debtors

The amount of the impairment loss during the year is £5,690 (2017 - £4,260).

The impairment provision recognised at the year end is £17,025 (2017: £13,190).

### 27 Parent and ultimate parent undertaking

The ultimate controlling party is director and sole shareholder M. Currell.