

Registered number
02687884

AMETHYST GROUP LIMITED
DIRECTORS' REPORT, STRATEGIC REPORT
AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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AMETHYST GROUP LIMITED

COMPANY INFORMATION

Directors

B Chaing
K Johnson
N Patel

Secretary

K Johnson

Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
Euston
London
NW1 2EP

Registered office

A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Registered number

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AMETHYST GROUP LIMITED

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AMETHYST GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

In the prior period the company changed its balance sheet date to 31 December to bring it into line with its parent company balance sheet date, the results for the prior period reflect 9 months' activity and are therefore not entirely comparable.

Principal activities

The company's principal activity during the period continued to be the provision of warehousing and logistics services.

Dividends

A dividend of £nil was paid during the year (period ended 31 Dec 2015: £nil).

Directors

The directors who served during the year were as follows:

N Patel
B Chaing
K Johnson

Going concern basis

The financial statements have been prepared on a going concern basis as there is reasonable expectation that the company has access to adequate funding sources to continue in operational existence for the foreseeable future.

Employees

During the period, the directors have continued to provide employees with relevant information and to seek their views on matters of concern through their representatives. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

There is an employee profit-sharing scheme in operation for certain employees. The directors are actively considering ways to increase further the involvement of employees in the company's performance.

The directors have maintained the company's established policy of giving full and fair consideration to applications for employment from disabled persons, and to continue the employment and training of employees who become disabled during their employment with the company.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

AMETHYST GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditor

The directors confirm that:

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

This report was approved by the board on 28 June 2017 and signed on behalf of the board by



K Johnson
Director

AMETHYST GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the year ended 31 December 2016.

Business review

The directors are pleased with the performance of the business in the year. The company continued to trade profitably. During the year the company closed one warehouse - this had been dedicated to one client who took their operations in house. The company had carried out a small amount of trade in car parts which was disposed of to the management of that business unit during the year. The company has entered into an agreement for lease to take new warehousing premises. This is expected to result in significant further operational efficiencies when the new site comes online in the latter half of 2017.

The directors are not aware of any likely major changes in the company's activities in the next year, and there have been no events since the year end affecting the company that require disclosure in the financial statements.

The company made a profit before tax for the year of £2,011,000 (Period ended 31 Dec 2015: £2,537,000). The statement of financial position shows total assets of £23,094,000 (2015: £22,303,000), total liabilities of £5,751,000 (2015: £6,897,000) and net assets of £17,343,000 (2015: £15,406,000).

Principal risks and uncertainties facing the company

The performance of the company is to some extent determined by the sales performance of its clients. The range of markets covered by its clients and the quality of those clients helps to mitigate this risk, providing diversification and trading stability. The company is not itself an importer into the UK, but many of its customers are. The situation post Brexit is being monitored closely by the directors.

The company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the operating divisions under policies approved by the Board of Directors.

Financial instruments

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The company does not have any material exposures in any of these areas and, consequently does not use derivative instruments to manage these exposures. The company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the company's financial instruments can be analysed as follows:

Price risk

The company is not exposed to equity securities price risk or commodities price risk.

Foreign currency risk

The company has no significant foreign currency risk as the majority of the company's transactions are carried out in sterling.

Credit risk

The company has no significant concentrations of customer credit risk. It has policies in place to ensure that sales of products and services are made to credit approved customers.

Liquidity risk

The company is funded by shareholder's funds.

Cashflow interest rate risk

Company policy is to obtain short term borrowing on fixed rates when required.

AMETHYST GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Environment

The company's policy with regard to the environment is to understand and manage the actual and potential impact of activities. All legal requirements that are relevant to the company's business are complied with. The company has not incurred any fines or penalties or been investigated for any breach of environmental regulations during the period under review.

Employees

Maintaining the quality and commitment of employees is an important factor for the continued success of the company. Employees' performance is aligned to the company's objectives through an annual review process that is carried out with all employees.

Suppliers

The company's policy is to pay its suppliers in accordance with agreed credit terms. Creditor days calculated at the period end were 41 days (2015: 40 days).

Key performance indicators considered by the company

Key Performance Indicator	Dec-16 Actual	Dec-15 Actual
Gross Margin [1]	18.6%	20.6%
Operating Margin [2]	7.3%	9.8%

Notes on key performance indicators

All key performance indicators have been calculated on the company's continuing businesses.

[1] - Gross Margin = Gross profit as a percentage of turnover

[2] - Operating margin = Operating profit, excluding exceptional items, as a percentage of turnover

The margins generated by the business declined for the full year of 2016 compared to the 9 month part year in 2015. It should be noted that the shorter period of 9 months covers the company's peak trading period in the run up to Christmas but does not capture the quieter post-Christmas period. As a result the 9 month period shows higher margins than would have been the case in a 12 month comparable period.

Events since the balance sheet date

The directors are not aware of any likely major changes in the company's activities in the next year, and there have been no events since the year end affecting the company that require disclosure in the financial statements.

This report was approved by the board on 28 June 2017 and signed on behalf of the board by



B Chaing
Director

Independent auditor's report to the members of Amethyst Group Limited

We have audited the financial statements of Amethyst Group Limited for the year ended 31 December 2016 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.



Independent auditor's report to the members of Amethyst Group Limited

Matter on which we are required to report under the Companies Act 2006

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 any material misstatements in the Strategic Report and Directors' Report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Marc Summers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: *28/06/17*

AMETHYST GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Continuing operations			
Revenue		28,216	26,308
Cost of sales		(22,963)	(20,888)
Gross profit		5,253	5,420
Administrative expenses		(3,022)	(2,724)
Property depreciation and dilapidation costs		(179)	(116)
Operating profit	6	2,052	2,580
Finance income		1	-
Finance costs	9	(42)	(43)
Profit before taxation		2,011	2,537
Tax expense	10	(74)	-
Profit for the year	20	1,937	2,537
Total comprehensive income for the period attributable to shareholders		1,937	2,537

The above results were derived from continuing operations.

AMETHYST GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

REGISTERED NUMBER: 02687884

	Notes	£'000	2016 £'000	£'000	2015 £'000
ASSETS					
Non-current assets					
Goodwill	11		7,619		7,619
Property, plant and equipment	12		1,018		1,389
Deferred tax asset	18		986		1,060
			<u>9,623</u>		<u>10,068</u>
Current assets					
Inventories	13	1,054		823	
Trade and other receivables	14	12,074		11,113	
Cash and cash equivalents	15	343		299	
			<u>13,471</u>		<u>12,235</u>
TOTAL ASSETS			<u>23,094</u>		<u>22,303</u>
LIABILITIES					
Current liabilities					
Trade and other payables	16	3,913		5,275	
Current tax liabilities	16	666		137	
Provisions	17	382		520	
		<u>4,961</u>		<u>5,932</u>	
Non-current liabilities					
Provisions	17	790		965	
		<u>790</u>		<u>965</u>	
TOTAL LIABILITIES			5,751		6,897
SHAREHOLDERS' EQUITY					
Share capital	19		4,940		4,940
Capital redemption reserve	20		1,200		1,200
Retained earnings	20		11,203		9,266
TOTAL EQUITY AND LIABILITIES			<u>23,094</u>		<u>22,303</u>

The financial statements were approved by the board and authorised for issue on 28 June 2017 and signed on behalf of the board by



B Chaing
Director

AMETHYST GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Equity attributable to equity holders of the company			
	Issued share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 April 2015	4,940	1,200	6,729	12,869
Profit for the period	-	-	2,537	2,537
Total comprehensive income for the period	-	-	2,537	2,537
At 31 December 2015	4,940	1,200	9,266	15,406
At 1 January 2016	4,940	1,200	9,266	15,406
Profit for the year	-	-	1,937	1,937
Total comprehensive income for the year	-	-	1,937	1,937
At 31 December 2016	4,940	1,200	11,203	17,343

AMETHYST GROUP LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Cash flows from operating activities		
Profit for the period	1,937	2,537
Adjustments to cash flows from non-cash items:		
Finance income	(1)	-
Finance costs	42	43
Profit on disposal of tangible fixed assets	(1)	-
Provision for dilapidations	(313)	131
Depreciation	639	532
Operating cash flows before movements in working capital	2,377	3,243
Working capital adjustments:		
(Increase)/decrease in inventories	(231)	193
Increase in receivables	(961)	(5,872)
(Decrease)/increase in payables	(833)	2,615
Cash generated by operations	352	179
Interest paid	(42)	(43)
Net cash from operating activities	310	136
Investing activities		
Interest received	1	-
Proceeds on disposal of property, plant and equipment	16	-
Purchases of property, plant and equipment	(283)	(167)
Net cash from investing activities	(266)	(167)
Net increase/(decrease) in cash and cash equivalents	44	(31)
Cash and cash equivalents at beginning of period	299	330
Cash and cash equivalents at end of period	343	299

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 General information

Amethyst Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Directors' Report and Strategic Report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The address of its registered office is:

A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

The address of its principal place of business is:

Lodge Road
Staplehurst
Tonbridge
TN12 0QW

2 Adoption of new and revised standards

During the financial period, there were no new IFRSs or IFRIC interpretations that were effective for the first time that would be expected to have a material impact on the company.

The following pronouncements have been adopted in the period and either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- IAS 1 (amendments) 'Disclosure Initiative'; effective 1 January 2016
- IAS 16 and IAS 38 (amendments) 'Clarification of Acceptable Methods of Depreciation and Amortisation'; effective 1 January 2016
- Annual Improvements (2012-2014); effective 1 January 2016

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the company, which have not been applied in these financial statements, were in issue but not yet effective. In some cases these standards and guidance had not been endorsed by the European Union:

- IAS 12 (amendments) 'Recognition of Deferred Tax Assets for Unrealised Losses'; effective 1 January 2017
- IAS 7 (amendments) 'Disclosure Initiative'; effective 1 January 2017
- IFRS 9 'Financial instruments' (2014); effective 1 January 2018
- IFRS 15 'Revenue from contracts with customers'; effective 1 January 2018
- IFRS 16 'Leases'; effective 1 January 2019
- Annual Improvements (2014-2016); effective 1 January 2017/2018

Except for IFRS 16, the directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company. The impact of IFRS 16 is currently being evaluated by the directors to determine the impact on the financial statements.

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies

Statement of compliance and basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and are consistent with the IFRSs as issued by the International Accounting Standards Board and IFRIC interpretations issued and effective at the time of preparing these financial statements and are in accordance with the Companies Act 2006.

Basis of accounting

These financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied to all periods presented.

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). The company has elected to present the "Statement of comprehensive income" as a single statement. Two comparative periods are presented for the statement of financial position when the company:

- applies an accounting policy retrospectively;
- makes a retrospective restatement of items in its financial statements; or
- reclassifies items in the financial statements.

None of these situations are applicable to the company.

Revenue

Revenue comprises the invoiced value of sales, net of value added tax, less anticipated returns. Revenues are recognised in accordance with the terms of client contracts. Recognition is following provision of the service or at the point that goods are dispatched, depending on the terms of the contract.

Goodwill

Goodwill relates to the acquisition of the trade, assets and liabilities of CPD Logistics Limited in 2005. Goodwill arising on the acquisition is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

For the purposes of impairment testing, goodwill is allocated to units of the business from which independent cash flows can largely be attributed ("cash-generating units"). Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised immediately in profit or loss. An impairment loss for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies - continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. The company recognises the carrying amount of property, plant and equipment, and the subsequent costs of replacing part of such items when there is an indication of future economic benefit. All other costs are recognised in the statement of comprehensive income as an expense as they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, on the bases set out below:

Leasehold improvements	Shorter of lease life and 15 years	on a straight line basis
Plant and equipment	Between 3 and 15 years	on a straight line basis

Impairment of tangible assets excluding goodwill

At the end of each reporting period, the company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all directly attributable expenditure necessary to bring the stocks to their existing condition and location.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. A provision for impairment of trade receivables 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. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period comprise cash at bank and in hand.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies - continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the periods of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Taxation

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

Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's corporation tax liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that such taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Foreign currencies

The financial statements have been prepared in pounds sterling, the company's functional currency.

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

All other exchange differences are recognised in the statement of comprehensive income in the period in which they are incurred.

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies - continued

Leasing

Where assets are acquired under finance leases (including hire purchase contracts), which confer rights and obligations similar to those attached to owned assets, the amount representing the outright purchase price of such assets is included in tangible fixed assets. Depreciation is provided in accordance with the accounting policy for property, plant and equipment. The capital element of future finance lease payments is included in creditors and the interest element is charged to the statement of comprehensive income over the period of the lease in proportion to the capital element outstanding. Expenditure on operating leases is charged to the statement of comprehensive income on a straight line basis.

Retirement benefit costs

Payments to group defined contribution retirement benefit schemes are charged as an expense as they fall due.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised on future operating losses.

Accounting for financial assets and liabilities

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk. The company does not have material exposures in any of these areas and consequently does not use derivative financial instruments to manage these exposures.

The company's financial assets consist of trade and other receivables, and are summarised in note 4. Trade and other receivables are financial assets with fixed or determinable payments, none of which are quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest rate method, less provision for impairment.

Receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet dates or when objective evidence is received that a specific counterparty will default.

The company's financial liabilities include borrowings, trade and other payables which are measured at amortised cost using the effective interest rate method. A summary of the company's financial liabilities is given in note 4.

Going concern

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

4 Financial risk management

The company's activities expose it to a variety of financial risks: market risks, credit risk, liquidity risk, cash flow interest rate risk and fair value interest rate risk. The company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the operating divisions under policies approved by the Board of Directors.

Price risk

The company is not exposed to equity securities price risk or commodities price risk.

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Financial risk management - continued

Foreign currency risk

The company has no significant foreign currency risk as the majority of the company's transactions are carried out in sterling.

Credit risk

The company's exposure to credit risk is limited to the carrying value of financial assets recognised at the balance sheet date, as summarised below:

	2016 £'000	2015 £'000
Classes of financial assets - carrying amounts		
Cash and receivables		
Cash and cash equivalents	343	299
Trade receivables	6,286	8,000
Amounts owed by group and related parties	4,912	620
	11,541	8,919

The maximum exposure to credit risk in relation to trade receivables is equivalent to the period end balance.

The company continuously monitors the creditworthiness of customers and other counterparties. The company's policy is only to deal with creditworthy counterparties. The company benefits from credit insurance on its trade receivables.

The directors consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good quality credit, based on financial information and past trading history, including those that are past due.

The company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics other than those debtors which are disclosed in note 14. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Cash flow interest rate risk

The company has no borrowings and is not exposed to interest rate risk.

Liquidity risk

Liquidity needs are monitored carefully on a day-to-day basis. Longer term liquidity needs are assessed through monthly, quarterly, and annual cash flow forecasts.

As of 31 December 2016, the company's liabilities have maturities which are summarised below:

	31 December 2016			
	Within 6 months £'000	6 to 12 months £'000	2 to 5 years £'000	Later than 5 years £'000
Trade payables	2,637	-	-	-
Amounts owed to group and related parties	90	-	-	-
Other taxes and social security costs	666	-	-	-
	3,393	-	-	-

AMETHYST GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Financial risk management - continued

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	31 December 2015			
	Within 6 months £'000	6 to 12 months £'000	2 to 5 years £'000	Later than 5 years £'000
Trade payables	4,228	-	-	-
Other taxes and social security costs	137	-	-	-
	<u>4,365</u>	<u>-</u>	<u>-</u>	<u>-</u>

5 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, the following judgements have had the most significant effect on the amounts recognised in the financial statements:

Inventory valuation

Inventories are stated at the lower of cost and net realisable value. The determination of inventory provisions requires significant judgement. In making this judgement the company evaluates amongst other factors the age and physical condition of inventory and its expected saleability based on forecast demand for the products taking into account expected trading conditions.

Deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Significant assumptions are made in estimating the level of future profits, including market conditions and growth rates. Changes in these assumptions could affect the recognition of deferred tax assets.

Key accounting estimates and assumptions

Key assumptions concerning the future and other key 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:

Provisions

Provision is made for dilapidations due to be carried out on leased properties. Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation. The determination of the onerous lease and dilapidation provision requires significant judgement.

In making this judgement, the company considers the likelihood of being able to sublet properties, the expected level of rentals, expected future trading conditions, whether uneconomic sites will be closed and sublet, the dilapidations required under the terms of the lease, and the anticipated condition of properties at the end of the lease.

Impairment of tangible and intangible assets

The company tests goodwill, at least annually for impairment, and tests all other tangible and intangible assets when indicators of impairment exist. Impairment is determined with reference to the higher of net realisable value and value in use. Value in use is estimated using adjusted future cash flows from the cash-generating unit and a suitable discount rate in order to calculate present value. Significant other assumptions are made in estimating future cash flows about future events, including future market conditions and future growth rates. Changes in these assumptions could affect the outcome of impairment reviews.

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NOTES TO THE FINANCIAL STATEMENTS

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6 Operating profit	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
This is stated after charging/(crediting):		
Depreciation of property, plant and equipment	639	532
Profit on fixed asset disposal	(1)	-
Operating lease rentals - plant and machinery	378	354
Operating lease rentals - other	2,666	2,305
Auditor's remuneration - audit work	27	25
	27	25
7 Remuneration of key management personnel	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Remuneration	153	273
Redundancy costs	-	251
Company contributions to defined contribution pension schemes	25	77
Social security costs	19	40
	197	641
Highest paid director:		
Remuneration	153	128
Company contributions to defined contribution pension schemes	25	-
Social security costs	19	15
	197	143
8 Staff costs	Year ended 31 December 2016	9 months ended 31 December 2015
Average monthly number of employees during the period	Number	Number
Administration	56	59
Distribution	163	178
Marketing	1	2
	220	239
The costs incurred in respect of these employees were:	£'000	£'000
Wages and salaries	5,106	4,325
Social security costs	433	361
Other pension costs	239	219
Redundancy and payment in lieu	165	359
	5,943	5,264

AMETHYST GROUP LIMITED

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9 Finance costs

	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Bank interest paid	<u>42</u>	<u>43</u>

10 Taxation

	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Analysis of charge in year		
Total current tax (see below)	-	-
Deferred tax (see below and note 18)	<u>74</u>	<u>-</u>
	<u>74</u>	<u>-</u>

Factors affecting tax charge for year

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Profit before tax on continuing operations	<u>2,011</u>	<u>2,537</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	402	533
Effects of:		
Expenses not deductible for tax purposes	-	24
Differences between capital allowances for the period and depreciation	-	12
Short term timing differences	-	(4)
Deferred tax not recognised in respect of tax losses	(391)	(565)
Adjustments in respect of previous years	<u>(11)</u>	<u>-</u>
Total current tax (see above)	-	-
Effects of:		
Accelerated capital allowances	51	-
Effects of change in tax rates	12	-
Adjustments in respect of previous years	<u>11</u>	<u>-</u>
Total deferred tax (see above)	<u>74</u>	<u>-</u>
Total tax for the year	<u>74</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Goodwill

	£'000
Cost	
At beginning of year	9,636
At end of year	9,636
Accumulated impairment losses	
At beginning of year	2,017
Provided during the year	
At end of year	2,017
Carrying amount	
At 31 December 2016	7,619
<i>At 31 December 2015</i>	<i>7,619</i>

Goodwill relates to the acquisition of the trade, assets and liabilities of CPD Logistics Limited in 2005. This is deemed by management to be a cash-generating unit. The recoverable amount is based on value-in-use calculations. These calculations use cashflow projections based on management estimates of performance over a 20 year period. Management is of the view that there is no foreseeable limit to the period over which the business is expected to generate cash inflows for the company.

The cashflow projections are based on detailed forecasts for a 2 year period, and thereafter assume a growth rate of 1.5%, which management believe is a reasonable rate based on past performance and the expectation for market development. A discount rate of 9.74% has been applied to the cashflow projections.

These calculations show that no further provision for impairment is required in the period.

12 Property, plant and equipment

	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At beginning of year	2,039	9,001	11,040
Additions	100	183	283
Disposals	(99)	(1,457)	(1,556)
At end of year	2,040	7,727	9,767
Accumulated depreciation			
At beginning of year	1,477	8,174	9,651
Charge for the year	156	483	639
On disposals	(86)	(1,455)	(1,541)
At end of year	1,547	7,202	8,749
Carrying amount			
At 31 December 2016	493	525	1,018
<i>At 31 December 2015</i>	<i>562</i>	<i>827</i>	<i>1,389</i>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Inventories

	2016	2015
	£'000	£'000
Goods for resale	<u>1,054</u>	<u>823</u>

Inventories consist of goods held for resale. In the twelve months ended 31 December 2016 £1,908,166 (9 months ended 31 December 2015: £1,133,000) of inventories was included in the statement of comprehensive income as an expense.

14 Trade and other receivables

	2016	2015
	£'000	£'000
Trade receivables	6,286	8,000
Prepayments and accrued income	876	2,493
Amounts owed by group and related parties	<u>4,912</u>	<u>620</u>
	<u>12,074</u>	<u>11,113</u>

All amounts are due within one year. The carrying value of receivables is considered a reasonable approximation of fair value. All of the company's trade and other receivables have been reviewed for indicators of impairment and no provision has been made. When calculating the level of impairment management consider factors such as the level of cash received after the period end and the financial position of the debtor.

Some of the unimpaired trade receivables are past due as at the reporting date. The age of the financial assets past due but not impaired is as follows:

	£'000	£'000
Not more than three months	865	1,825
More than three months but less than six months	<u>2</u>	<u>8</u>
	<u>867</u>	<u>1,833</u>

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15 Cash and cash equivalents

	2016	<i>2015</i>
	£'000	<i>£'000</i>
Cash at bank	<u>343</u>	<u><i>299</i></u>

16 Current liabilities

	2016	<i>2015</i>
	£'000	<i>£'000</i>
Trade payables	2,637	<i>4,228</i>
Amounts owed to group and related parties	90	<i>-</i>
Other payables	<u>1,186</u>	<u><i>1,047</i></u>
Trade and other payables	3,913	<i>5,275</i>
Other taxes and social security costs	666	<i>137</i>
Provisions (note 17)	<u>382</u>	<u><i>520</i></u>
	<u>4,961</u>	<u><i>5,932</i></u>

17 Provisions

	Dilapidations provision £'000
At 1 January 2016	1,485
Released in the period	<u>(313)</u>
At 31 December 2016	<u>1,172</u>

	2016	<i>2015</i>
	£'000	<i>£'000</i>
The provision is expected to fall due as follows:		
within one year	382	<i>520</i>
after more than one year	<u>790</u>	<u><i>965</i></u>
	<u>1,172</u>	<u><i>1,485</i></u>

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FOR THE YEAR ENDED 31 DECEMBER 2016

18 Deferred tax asset	Year ended 31 December 2016 £'000
At beginning of year	(1,060)
Charged to the profit and loss account	74
At end of year	(986)

	2016 £'000	2015 £'000
Comprising:		
Accelerated capital allowances	(258)	(308)
Short term timing differences	2	-
Losses carried forward	(719)	(752)
Other	(11)	-
	(986)	(1,060)

A deferred tax asset of £Nil (2015: £211,000) relating to tax losses has not been recognised as their future recovery is considered to be uncertain.

19 Share capital	Nominal value	31-Dec 2016 Number	31-Dec 2016 £'000	31-Dec 2015 £'000
Allotted, called up and fully paid:				
Ordinary shares	£1 each	4,940	4,940	4,940

20 Reserves

Share capital

Represents the nominal value of shares that have been issued.

Capital redemption reserve

Amounts transferred from share capital on redemption of issued shares.

Retained earnings

Includes all current and prior period retained profits and losses.

AMETHYST GROUP LIMITED

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21 Operating lease arrangements

At the period end the company had outstanding total commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	<i>Land and buildings</i>	Other	<i>Other</i>
	31 December	<i>31 December</i>	31 December	<i>31 December</i>
	2016	<i>2015</i>	2016	<i>2015</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
within one year	2,154	<i>2,649</i>	189	<i>217</i>
within two to five years inclusive	4,064	<i>6,991</i>	71	<i>211</i>
in over five years	7,128	<i>7,113</i>	-	<i>-</i>
	13,346	<i>16,753</i>	260	<i>428</i>

22 Contingent liabilities

The company has given cross guarantees to the group's bankers in respect of borrowings by certain group companies. The amount guaranteed is £7,417,533 (31 December 2015 - £2,400,540).

23 Related party transactions

Cathay Investments 2 Limited

Parent company

At 31 December 2016 the amount owed to Amethyst Group Limited was £4,432,751 (9 months ended 31 December 2015: £620,000).

During the year management charges of £265,000 (9 months ended 31 December 2015: £68,000) and insurance and audit costs of £202,774 were invoiced to the company. £87,043 was unpaid at 31 December 2016 (31 December 2015: £30,000) and is included within amounts owed to group and related parties.

Perkins Group Services Limited

Fellow subsidiary company

During the year the company supplied, at cost, a number of surplus leased vehicles to Perkins Group Services Limited for use by their employees, and warehousing services. Total income was £572,924 (9 months ended 31 December 2015: £7,405). Amounts owed by group and related parties includes £365,356 in respect of amounts owed at 31 December 2016 (31 December 2015: £59).

Williams of Swansea Limited

Fellow subsidiary company

During the year the company supplied data services to Williams of Swansea Limited. Total income was £1,106 (9 months ended 31 December 2015: Nil).

During the year the company rented a warehouse from Williams of Swansea Limited. The total cost for the period amounted to £15,000 (9 months ended 31 December 2015: Nil). Amounts owed to related parties includes £3,000 owed by the company to Williams of Swansea Limited at 31 December 2016 (9 months ended 31 December 2015: Nil).

AMETHYST GROUP LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2016

23 Related party transactions - continued

Euroresins UK Limited

Company under common control

During the year the company provided, at commercial rates, IT and warehousing services to Euroresins UK Limited. Total income during the year was £154,996 (9 months ended 31 December 2015: £79,630). Amounts owed by group and related parties includes £13,271 in respect of amounts owed at 31 December 2016 (31 December 2015: £38,917).

Euroresins International GmbH

Company under common control

During the year the company provided IT services to Euroresins International GmbH. Total income in the period was £131,042 (9 months ended 31 December 2015: £29,127). Amounts owed by group and related parties includes £9,359 in respect of amounts owed at 31 December 2016 (31 December 2015: £8,699).

Cathay Composites Limited

Company under common control

During the year the company provided, at commercial rates, IT and warehousing services to Cathay Composites Limited. Total income during the period was £36,703 (9 months ended 31 December 2015: £8,252). Amounts owed by group and related parties includes £4,285 in respect of amounts owed at 31 December 2016 (31 December 2015: £8,252).

During the year the company rented, at cost, a surplus leased car & forklift truck from Cathay Composites Limited. The total cost for the period amounted to £7,128 (9 months ended 31 December 2015: £1,619). Trade payables includes £nil owed by the company to Cathay Composites at 31 December 2016 (31 December 2015: £597).

Cathay Investments Limited

Company under common control

During the year the company supplied, at cost, one of its surplus leased vehicles to Cathay Investments Limited for use by one of its employees. The total charge in the year was £8,195 (9 months ended 31 December 2015: £1,383). Amounts owed by group and related parties includes £nil in respect of amounts owed at 31 December 2016 (31 December 2015: £885).

The company has given cross guarantees in respect of borrowings by Cathay Investments Limited and certain of its subsidiaries. The total amount of contingencies not included in the balance sheet is £5,340,042 (2015: £Nil).

B Chaing

Director

B Chaing has given a rent guarantee to the landlord of one of the properties in which the company is a tenant. The rent guarantee is capped at £2 million. The guarantee has not been used in the period as the company made all payments to the landlord as they fell due.

24 Ultimate controlling party

Amethyst Group Limited is a wholly owned subsidiary of Cathay Investments 2 Limited, a company registered in England and Wales. Cathay Investments 2 Limited is controlled by B Chaing and members of his close family, who control, directly or indirectly, 93% of the share capital.