

Registered number: 03139509

**International Process Technologies Limited and
subsidiary companies**

**Annual report and consolidated financial
statements**

for the year ended 31 December 2016

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M Stoke (Chairman)
P R Benson
K J Bilham

SECRETARY

K J Bilham

REGISTERED OFFICE

Farnham Trading Estate
Farnham
Surrey
GU9 9NY

BANKERS

Lloyds Bank (formerly Lloyds Bank Corporate Markets)
PO Box 112
Canons House
Canons Way
Bristol
BS99 7LB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom

SOLICITOR

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

STRATEGIC REPORT
Year ended 31 December 2016

The directors present their Strategic Report and the affairs of the group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company continues to be that of a holding and management service company to the IPT group of companies. The principal trading activity of the group is that of plastic engineering operations, covering the manufacture of plastic materials, plastic moulding, compounding and grinding and plastic coating.

STRATEGIC REVIEW

The directors are pleased to be able to report a consolidated profit before tax in 2016 of £3.68m up from £2.97m in 2015 which they consider to be encouraging in the current economic climate. The position of the group at the year end is set out in the consolidated balance sheet on page 9 and in the related notes on pages 14-34. The position of the company at the year end is set out in the balance sheet on page 10 and in the related notes on pages 14-34.

The group achieved sales growth in North America where turnover increased by 28% on 2015 figures, due to the changes in distribution which were implemented in early 2014. The Rest of the World was up by 10% on 2015 with existing customers growing. The United Kingdom market was affected by a decline in the oil and gas and construction sectors which resulted in a downturn for our metal finishing division. Trading in the Eurozone showed a marked improvement with turnover up 25% on 2015 levels due to improved levels of trading with new and existing customers. The turnover value in this zone benefited from favourable currency rates versus Sterling.

The directors are planning to build upon the successes from 2016 and make further progress in the markets and geographic areas.

The directors have considered the effects of the Brexit vote and the eventual exit from the EU. They conclude that at this time the impact is likely to be minimal, however if trade barriers are implemented between European countries this could have an effect on profits.

KPI's

The group's key measurement of effectiveness of its operations is operating profit margin, gross profit margin and operating cash flow. The group achieved an improved operating profit margin performance up from 11.0% in 2015 to 12.5% in 2016, with gross profit margin being maintained at 25.7% (25.8%, 2015). Operating cash flow was lower than 2015 due to an increase in trade working capital which was associated with the higher turnover and an adjustment for pension funding.

The group monitor business performance via a number of non financial KPI's measures which include plant utilisation/ efficiency and On Time in Full which is above 90%, as some of the key measures.

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in a highly competitive market which is a continuing risk to the group. The group manages this risk by providing value added services to its customers and delivering high quality products to its customers.

The group sources products from the Eurozone and is therefore exposed to movements in the Euro to GB Sterling exchange rate. There is a degree of natural hedging as the group has costs which are Euro based. Risk of fluctuations is minimised by entering into foreign currency contracts. A number of accounts are traded in US Dollars and the group will enter into foreign currency contracts to protect margin.

STRATEGIC REPORT (Continued)
Year ended 31 December 2016

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk, and price risk.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Where this risk is foreseen to have a major impact on results, foreign exchange contracts are opened to protect margins.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments. The business has secure long term funding arrangements in place with a number of financial institutions and this provides sufficient headroom for the group to be able to meet its growth objectives.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Liquidity risk

The projection for the coming year is that the group will generate positive operational cash flows and does not envisage a liquidity risk provided the current plans are achieved.

Price risk

The group has exposure to rises in commodity items that are used to manufacture its products in particular the coating powders. However to mitigate this, the group endeavours to link customer pricing to indices so that major changes in price movements are mitigated. As a significant user of energy in its business the group enters into forward purchasing arrangements where possible to ensure that costs are contained within acceptable tolerances.

CORPORATE AND SOCIAL RESPONSIBILITY

The group pursues a policy of employee communication through meetings, including briefings and team meetings, and through internal notification of the Group focus and movement.

The group employs disabled persons whenever circumstances permit, and full and fair consideration is given to applications for employment by disabled persons having regard to their particular aptitudes and disabilities.

FUTURE DEVELOPMENTS

The group has considerable financial resources and together with group prospects for the financial year 2017, which include further expansion in the fencing, appliance and oil and gas sectors, the directors believe that the group is well prepared for further growth and has the capacity to meet these growth objectives

Approved by the Board of Directors and signed on behalf of the Board.



K J Bilham
Director

31 MARCH

2017

DIRECTORS' REPORT
Year ended 31 December 2016

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

Details of future developments and financial risk management objectives and policies can be found in the Strategic report on pages 2 and 3 and form part of this report by cross-reference.

RESEARCH AND DEVELOPMENT

The group has an ongoing product development programme, which is market led and results in new types of materials being formulated to meet specific performance requirements.

GOING CONCERN

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The company is in a net current liabilities position, due to intercompany debt. The directors have satisfied themselves that this debt will not be called and hence will not have a detrimental effect on the company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDENDS

The directors are not recommending payment of a dividend on the ordinary shares (2015: £nil).

DIRECTORS AND THEIR INTERESTS

The following directors served during the year ended 31 December 2016 and to the date of this report:

K J Bilham
P Benson
J M Stoke

AUDITOR

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue as auditor and a resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



K J Bilham
Director

31 MARCH 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PROCESS TECHNOLOGIES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of International Process Technologies Limited for the year ended 31 December 2016 which comprise the Consolidated Profit and Loss Account, the consolidated Statement of other comprehensive income, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated and Company Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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

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

Opinion on financial statements

In our opinion the financial statements:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PROCESS TECHNOLOGIES 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 the 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.



Simon Olsen FCA (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
31 March 2017

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES

Consolidated profit and loss account
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	2	29,379	27,096
Cost of sales		(21,821)	(20,096)
Gross profit		7,558	7,000
Administrative expenses		(2,737)	(2,949)
Distribution expenses		(1,137)	(1,097)
Operating profit		3,684	2,974
Finance costs (net)	3	(332)	(399)
Profit on ordinary activities before taxation	4	3,352	2,555
Tax on profit on ordinary activities	7	(934)	(671)
Profit for the financial year		2,418	1,884

All activities derive from continuing operations.

Statement of other comprehensive income
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Profit for the financial year		2,418	1,884
Re-measurement of net defined benefit liability	21	(2,856)	390
Deferred tax on net defined benefit liability		571	(79)
Currency translation differences on net assets of overseas subsidiaries		510	(116)
Total comprehensive income attributable to equity shareholders of the Company		643	2,079

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES

**Consolidated balance sheet
At 31 December 2016**

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	10	7,085	6,757
Intangible Assets	9	-	-
		<u>7,085</u>	<u>6,757</u>
Current assets			
Stocks	12	3,061	2,996
Debtors	13	4,744	4,489
Cash at bank and in hand		2,162	1,397
		<u>9,967</u>	<u>8,882</u>
Creditors: Amounts falling due within one year	14	<u>(5,127)</u>	<u>(5,001)</u>
Net current assets		<u>4,840</u>	<u>3,881</u>
Total assets less current liabilities		<u>11,925</u>	<u>10,638</u>
Creditors: Amounts falling due after more than one year	15	<u>(2,375)</u>	<u>(2,858)</u>
Provisions for liabilities	16	<u>(323)</u>	<u>(324)</u>
Net assets before pension liability		<u>9,227</u>	<u>7,456</u>
Pension liability	21	<u>(6,950)</u>	<u>(4,632)</u>
Net assets		<u><u>2,277</u></u>	<u><u>2,824</u></u>
Capital and reserves			
Called-up share capital	18	280	504
Share premium account			966
Capital Redemption Reserve		82	82
Profit and loss account		<u>1,915</u>	<u>1,272</u>
Shareholders' funds		<u><u>2,277</u></u>	<u><u>2,824</u></u>

The financial statements of International Process Technologies Limited and its subsidiary companies were approved by the board of directors and authorised for issue on **31 MARCH** 2017.

They were signed on its behalf by:

J M Stoke
Director

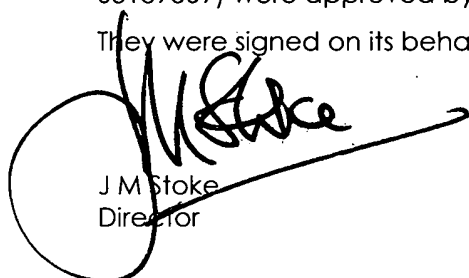
INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES

**Company balance sheet
At 31 December 2016**

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments	11	56,292	56,292
		<u>56,292</u>	<u>56,292</u>
Current assets			
Debtors	13	135	128
Cash at bank and in hand		-	607
		<u>135</u>	<u>735</u>
Creditors: Amounts falling due within one year	14	(5,737)	(5,088)
		<u>(5,602)</u>	<u>(4,353)</u>
Net current assets			
		<u>50,690</u>	<u>51,939</u>
Total assets less current liabilities			
		<u>50,690</u>	<u>51,939</u>
Creditors: Amounts falling due after more than one year	15	(47,616)	(47,949)
		<u>3,074</u>	<u>3,990</u>
Net assets			
		<u>3,074</u>	<u>3,990</u>
Capital and reserves			
Called-up share capital	18	280	504
Share premium account		-	966
Capital Redemption Reserve		82	82
Profit and loss account		2,712	2,438
		<u>3,074</u>	<u>3,990</u>
Shareholders' funds			
		<u>3,074</u>	<u>3,990</u>

The financial statements of International Process Technologies Limited (registered number 03139509) were approved by the board of directors and authorised for issue on **31 MARCH 2017**

They were signed on its behalf by:


J M Stoke
Director

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES

**Consolidated statement of changes in equity
At 31 December 2016**

	Called-up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2015	787	2,184	82	(807)	2,246
Profit for the financial year	-	-	-	1,884	1,884
Currency translation difference on foreign currency net investments	-	-	-	(116)	(116)
Re measurement of net defined benefit liability	-	-	-	390	390
Deferred tax on net defined benefit liability	-	-	-	(79)	(79)
Total comprehensive income	-	-	-	2,079	2,079
Share buy back	(283)	(1,218)	-	-	(1,501)
At 31 December 2015	504	966	82	1,272	2,824
Profit for the financial year	-	-	-	2,418	2,418
Currency translation difference on foreign currency net investments	-	-	-	510	510
Re measurement of net defined benefit liability	-	-	-	(2,856)	(2,856)
Deferred tax on net defined benefit liability	-	-	-	571	571
Total comprehensive income	-	-	-	643	643
Share buy back	(224)	(966)	-	-	(1,190)
At 31 December 2016	280	-	82	1,915	2,277

Company statement of changes in equity
At 31 December 2016

	Called-up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2015	787	2,184	82	2,176	5,229
Profit for the financial year	-	-	-	262	262
Total comprehensive income	-	-	-	262	262
Share buy back	(283)	(1,218)	-	-	(1,501)
At 31 December 2015	504	966	82	2,438	3,990
Profit for the financial year	-	-	-	274	274
Total comprehensive income	-	-	-	274	274
Share buy back	(224)	(966)	-	-	(1,190)
At 31 December 2016	280	-	82	2,712	3,074

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES

Consolidated cash flow statement
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash flows from operating activities	19	3,303	3,990
Cash flows from investing activities			
Purchase of tangible fixed assets		(890)	(667)
Interest Paid		(146)	(193)
Net cash flows from investing activities		<u>(1,036)</u>	<u>(860)</u>
Cash flows from financing activities			
Repayments of borrowings		(63)	(429)
Repayments of obligations under finance lease		(249)	(35)
Purchase of own shares		(1,190)	(1,501)
Net cash flows from financing activities		<u>(1,502)</u>	<u>(1,965)</u>
Net increase in cash and cash equivalents		<u>765</u>	<u>1,165</u>
Cash and cash equivalents at beginning of year		<u>1,397</u>	<u>232</u>
Cash and cash equivalents at end of year		<u>2,162</u>	<u>1,397</u>
Reconciliation to cash at bank and in hand:			
Cash and cash equivalents		<u>2,162</u>	<u>1,397</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

International Process Technologies Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of International Process Technologies Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

International Process Technologies Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The profit for the financial year dealt within the financial statements of the parent Company was £274k (2015: £262k). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

Basis of consolidation

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Intangible assets

Intangible fixed asset relate to the capitalisation of development costs on future products. These are stated at cost, net of any amortisation and any provision for impairment. Amortisation is provided when the product is launched in equal annual instalments over the estimated useful life of the assets and is calculated on the cost of the assets. The rate of amortisation is as follows;

Development Costs	20% per annum
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Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	over 50 years
Leasehold land and buildings	over the period of the lease
Plant and Machinery	over 3-15 years
Fixtures, fittings, tools and equipment	over 3-10 years

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Investments

Investments in associates are measured at cost less impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Stock is valued on a first in, first out basis. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

The Company turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised on delivery.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Employee benefits

The Company operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of rates. Pension costs are recognised in the profit and loss account and the statement of recognised gains and losses in accordance with the requirements of FRS 102 Section 28 with actuarial gains and losses being recognised in the statement of total recognised gains and losses.

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

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

The Group as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Critical judgements in applying the Group's accounting policies

There are no critical judgements, apart from those involving estimates (which are dealt with separately below), that the directors have made in applying the Group's accounting policies.

Key source of estimation uncertainty

Impairment of investments

Determining whether investments are impaired requires an estimation of their recoverable value after assessment for indicators of impairment at each balance sheet date has been made, as described in the accounting policies above.

Valuation of defined benefit pension scheme

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount factors, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to uncertainty. In determining the appropriate discount rate, management receives guidance from its actuarial advisors. The mortality rate is based on publically available mortality tables for the specific country. Future salary increases are based on expected future inflation rates for the respective country. Future details are given in note 21.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Turnover

An analysis of the Group's turnover by geographical market is set out below

	2016 £'000	2015 £'000
Turnover:		
United Kingdom	8,749	9,906
Other European Countries	11,875	9,469
North America	1,838	1,440
Rest of World	6,917	6,281
	<u>29,379</u>	<u>27,096</u>
 Turnover By Business Classification		
Coating Powders	18,557	16,088
Coating Services	6,060	6,626
Safety Equipment	4,762	4,382
	<u>29,379</u>	<u>27,096</u>

3. Finance costs (net)

	2016 £'000	2015 £'000
Interest payable and similar charges	146	193
Pension Interest Expense	186	206
	<u>332</u>	<u>399</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2016 £'000	2015 £'000
Depreciation of tangible fixed assets (note 10)	930	804
Operating lease rentals	166	208
Foreign Exchange (Gains) / Losses	(579)	128
Research and Development	157	167
Loss on disposal of tangible fixed assets	12	26
	<u> </u>	<u> </u>

The analysis of the auditor's remuneration is as follows:

	2016 £'000	2015 £'000
The audit of the company's accounts	24	17
The audit of the company's subsidiaries	88	59
Total audit fees	<u>112</u>	<u>76</u>
Taxation compliance services	17	19
Total non-audit fees	<u>17</u>	<u>19</u>

No services were provided pursuant to contingent fee arrangements

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Production	145	148
Distribution	5	5
Sales	15	15
Administration	36	36
	<u>201</u>	<u>204</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	6,225	5,902
Social security costs	685	620
Other pension costs	159	209
	<u>7,069</u>	<u>6,731</u>

Other pension costs include only those items included within operating costs. Items reported elsewhere have been excluded.

6. Directors' remuneration and transactions

	2016 £'000	2015 £'000
Directors' remuneration		
Emoluments	364	380
Company contributions to money purchase pension schemes	25	22
	<u>389</u>	<u>402</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>2</u>	<u>2</u>

	2016 £'000	2015 £'000
Remuneration of the highest paid director:		
Emoluments	<u>145</u>	<u>145</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tax on profit on ordinary activities

The tax charge comprises:

	2016 £'000	2015 £'000
Current tax on profit on ordinary activities		
UK corporation tax	415	410
Foreign tax	349	176
Adjustments in respect of prior years		
UK corporation tax	(1)	(16)
Foreign tax	8	8
Total current tax	771	578
Deferred tax		
Origination and reversal of timing differences	10	26
Adjustment in respect of previous periods	(10)	(16)
Effect of changes in tax rate	130	98
Foreign exchange movements	33	(15)
Total deferred tax (see note 16)	163	93
Total tax on profit on ordinary activities	934	671

The standard rate of tax applied to reported profit on ordinary activities is 20.00 per cent (2015: 20.25 per cent). The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tax on profit on ordinary activities (continued)	2016 £'000	2015 £'000
Profit on ordinary activities before tax	3,353	2,555
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.00per cent (2015: 20.25 per cent)	671	516
Effects of:		
Expenses not deductible for tax purposes	81	119
R&D tax relief	(39)	(44)
Adjustments from previous periods	(6)	(30)
Higher tax rates on overseas earnings	98	-
Tax rate changes	129	110
Total tax charge for period	934	671

8. Share-based payments

Equity-settled share option schemes

The Company has a share option scheme for employees of the Group. The Company takes part in this share-based payment plan, and recognises and measures its allocation of the share-based payment expense on a pro-rata basis. The company did not grant share options during 2016 (2015: 520,000).

Total share options outstanding at 31 December 2016 were 520,000 (2015: 520,000). The Group recognised total expenses of nil and a nil charge related to share-based payment transactions in 2016 and 2015 respectively.

9. Intangible fixed assets

	Total £'000
Cost	
At 1 January 2016	77
Disposal	(77)
	<hr/>
At 31 December 2016	-
	<hr/>
Amortisation	
At 1 January 2016	(77)
Disposal	77
	<hr/>
At 31 December 2016	-
	<hr/>
Net book value	
At 31 December 2015 and 31 December 2016	-
	<hr/>

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Tangible fixed assets

Group	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At 1 January 2016	2,081	1,866	13,539	1,646	19,132
Additions	-	-	873	31	904
Disposals	-	-	(466)	(359)	(825)
Exchange adjustment	57	-	1,100	59	1,216
At 31 December 2016	<u>2,138</u>	<u>1,866</u>	<u>15,046</u>	<u>1,377</u>	<u>20,427</u>
Depreciation					
At 1 January 2016	268	1,296	9,528	1,283	12,375
Charge for the year	40	23	777	90	930
Disposals	-	-	(452)	(359)	(811)
Exchange adjustment	15	-	775	58	848
At 31 December 2016	<u>323</u>	<u>1,319</u>	<u>10,628</u>	<u>1,072</u>	<u>13,342</u>
Net book value					
At 31 December 2016	<u>1,815</u>	<u>547</u>	<u>4,418</u>	<u>305</u>	<u>7,085</u>
At 31 December 2015	<u>1,813</u>	<u>570</u>	<u>4,011</u>	<u>363</u>	<u>6,757</u>
Leased assets included above:					
Net Book Value					
At 31 December 2016	<u>-</u>	<u>-</u>	<u>938</u>	<u>-</u>	<u>938</u>
At 31 December 2015	<u>-</u>	<u>-</u>	<u>1,419</u>	<u>-</u>	<u>1,419</u>

The Group leases plant and machinery on finance leases. The net book value of leased assets included above is £938k (2015: £1,419k).

11. Fixed asset investments

	Company	
	2016 £'000	2015 £'000
Subsidiary undertakings	55,280	55,280
Other investments and loans	1,012	1,012
Total	<u>56,292</u>	<u>56,292</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Fixed asset investments (continued)

Subsidiary undertakings

The parent company has investments in the following subsidiary undertakings, associates and other investments which affected the profits or net assets of the group.

Company	Registered Office/principal business address	Principal activity	Holding*	%
Plascoat Holdings Limited	Trading Estate Farnham Surrey, GU9 9NY	Holding company for foreign investments	Indirect	100
Plascoat Systems Limited	As Above	Compounding, grinding and manufacture of plastic materials	Direct	100
Plastic Coatings Europe BV	Meeuwenoordlaan 19 Zuidland 3214 The Netherlands	Compounding, grinding and manufacture of plastic materials	Indirect	100
Plastic Coatings Limited	Trading Estate Farnham Surrey, GU9 9NY	Plastic coating of materials	Direct	100
United Moulders Limited	As Above	Plastic moulding and assembly	Direct	100
TDC Plastics Limited	As Above	Dormant Entity	Direct	100
Plascoat Inc	5005 Rockside Road Cleveland OH 44131	Plastic materials reseller	Direct	100
Plascoat Corp	As Above	Plastic materials reseller	Direct	100

Subsidiary undertakings - Company

	£'000
Cost	
At 1 January 2016	68,280
Disposal of subsidiary	(12,630)
	<hr/>
At 31 December 2016	55,650
	<hr/>
Provisions for impairment	
At 1 January 2016	(13,000)
Release of impairment on disposal of subsidiary	12,630
	<hr/>
At 31 December 2016	370
	<hr/>
Carrying value at 31 December 2016 and 31 December 2015	<hr/> 55,280 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Stocks

	Group	
	2016	2015
	£'000	£'000
Raw materials and consumables	1,537	1,181
Work in progress	18	21
Finished goods and goods for resale	1,506	1,794
Total	<u>3,061</u>	<u>2,996</u>

There is no material difference between the balance sheet value of stocks and their replacement cost. No stock is held within the company only figures.

13. Debtors

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	4,431	4,192	-	-
Amounts owed by Group undertakings	-	-	42	42
Corporation Tax	-	-	2	-
Deferred tax asset	-	-	3	3
Other debtors	186	192	72	74
Prepayments and accrued income	127	105	16	9
	<u>4,744</u>	<u>4,489</u>	<u>135</u>	<u>128</u>

14. Creditors – amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	606	381	581	332
Obligations under finance leases and hire purchase contracts	209	263	-	-
Trade creditors	2,090	2,039	-	-
Amounts owed to Group undertakings	-	-	4,830	4,401
Corporation tax	407	297	-	44
Other taxation and social security	255	404	-	18
Accruals and deferred income	1,461	1,597	326	273
Derivative financial instrument (note 17)	99	20	-	20
	<u>5,127</u>	<u>5,001</u>	<u>5,737</u>	<u>5,088</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors – amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank loans	2,187	2,475	1,511	1,844
Obligations under finance leases and hire purchase contracts	188	383	-	-
Amounts owed to Group undertakings	-	-	46,105	46,105
	<u>2,375</u>	<u>2,858</u>	<u>47,616</u>	<u>47,949</u>
Borrowings are repayable as follows:				
	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Between one and two years	288	381	232	332
Between two and five years	1,344	1,384	1,279	1,512
After five years	555	710	-	-
	<u>2,187</u>	<u>2,475</u>	<u>1,511</u>	<u>1,844</u>
On demand or within one year	606	381	581	332
	<u>2,793</u>	<u>2,856</u>	<u>2,092</u>	<u>2,176</u>
Finance leases				
Between one and two years	77	232	-	-
Between two and five years	111	151	-	-
	<u>188</u>	<u>383</u>	<u>-</u>	<u>-</u>
On demand or within one year	209	263	-	-
	<u>397</u>	<u>646</u>	<u>-</u>	<u>-</u>
Total borrowings including finance leases				
Between one and two years	365	613	232	332
Between two and five years	1,455	1,535	1,279	1,280
After five years	555	710	-	232
	<u>2,375</u>	<u>2,858</u>	<u>1,511</u>	<u>1,844</u>
On demand or within one year	815	644	581	332
	<u>3,190</u>	<u>3,502</u>	<u>2,092</u>	<u>2,176</u>

The bank loans and overdraft are secured by a fixed charge over the assets and undertakings of the Group. Interest on the loans is currently charged at between 3% and 4% per annum. Obligations under finance leases are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Provisions for liabilities

	Deferred taxation £'000
Group	
At 1 January 2016	324
Adjustment in respect of prior years	(10)
Effect of change in tax rates	(8)
Deferred tax charge to profit and loss account	(16)
Exchange difference	33
	<hr/>
At 31 December 2016	323
	<hr/>

Deferred tax

Deferred tax is provided as follows:

	2016 £'000	2015 £'000
Group		
Fixed asset timing differences	325	327
Other timing differences	(2)	(3)
	<hr/>	<hr/>
Provision for deferred tax	323	324
	<hr/>	<hr/>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

17. Derivative financial instruments

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2016	2015	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Sell US Dollars to Sterling	\$1.415	\$1.516	636	924	99	20
Sell US dollar to Euro	N/a	\$1.099	-	147	-	-
			<hr/>	<hr/>	<hr/>	<hr/>
			636	1,071	99	20
			<hr/>	<hr/>	<hr/>	<hr/>

The Group has entered into contracts to supply goods to customers in USA and US dollar denominated sales regions. The Group has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year. A charge of £79k (2015 £20k) has been put through the profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Called-up share capital and reserves

	2016 £'000	2015 £'000
Allotted, called-up and fully-paid		
28,000,000 ordinary shares of £0.01 each	280	280
Nil Deferred shares of £1 each (224,144 prior year)	-	224

The Company has one class of ordinary shares which carry no right to fixed income.

Options have been granted under the International Process Technologies Enterprise Management Incentive Plan to subscribe for ordinary shares of the Company as follows:

Number of shares under option	Subscription price per share	Exercise period
520,000 Ordinary Shares	£0.01	until 9 th August 2020

The Group and Company's other reserves are as follows:

The share premium reserve contained the premium arising on issue of equity shares, net of issue expenses. This reserve was utilised with the final buy back of deferred shares in March 2016.

The profit and loss reserve represents cumulative profits or losses net of other adjustments

In March 2016, the company repurchased 224,144 deferred shares for a cash consideration of £1,190k for the purposes of cancellation. This resulted in a reduction of the share capital and share premium of £224k and £966k respectively.

19. Cash flow statement

	2016 £'000	2015 £'000
Operating profit	3,684	2,974
Adjustment for:		
Depreciation and amortisation	930	804
Operating cash flow before movement in working capital	4,614	3,778
Increase in stocks	(65)	(392)
(Increase)/Decrease in debtors	(255)	467
(Decrease)/Increase in creditors	(234)	397
Fair Value movement on financial instruments	79	20
Adjustment for pension funding	(317)	25
Other Exchange Rate Adjustment	150	35
Cash generated by operations	3,972	4,330
Income tax paid	(669)	(340)
Net cash inflow from operating activities	3,303	3,990

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows;

	2016 £'000	2015 £'000
Group		
-within one year	149	69
-between one and five years	179	333
	<u>328</u>	<u>402</u>

21. Employee benefits

Defined contribution schemes

The Group operates a defined contribution retirement benefit scheme for all qualifying employees for both the UK and Dutch operating companies. The total expense charged to the profit and loss in the period ended 31 December 2016 was £ 158,808 (2015 £208,943).

Defined benefit schemes

The group sponsors the Grosvenor Pension Fund, a funded defined benefit pension scheme in the UK. The scheme is set up on a tax relieved basis as a separate trust independent of the Company and is supervised by an independent trustee. The Trustee is responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

The Trustee is required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

The group has agreed a recovery plan with the Trustee. The aim of the recovery plan is that the shortfall will be made up over a period of 12 years and 4 months and will include additional employer contributions paid to the Scheme as follows:-

£500,000 per annum, payable in equal monthly instalments for a period of 3 years commencing from January 2016 plus £540,000 per annum, payable in equal monthly instalments for a period of 9 years and 4 months commencing from January 2019. These payments are to be increased each January by 3.0% per annum.

A formal actuarial valuation was carried out as at 1 April 2015. The results of that valuation have been projected to 31 December 2015 with allowance for the payroll and benefit information with which I have been provided and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Employee benefits (continued)

The amounts recognised in the statement of financial position are as follows:

	2016 £'000	2015 £'000
Defined benefit obligation	(27,220)	(25,172)
Fair value of plan assets	18,846	19,523
Net defined liability at year end	(8,374)	(5,649)
Deferred tax asset on pension	1,424	1,017
Net defined liability at year end	(6,950)	(4,632)

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in profit or loss. Re measurements of the net defined benefit liability are included in other comprehensive income.

	2016 £'000	2015 £'000
Service cost:		
Current service cost (net of employee contributions)	-	-
Administration expenses	183	332
Loss on plan introductions, changes, curtailments and settlements	-	93
Net interest expense	186	206
Charge recognised in profit or loss	369	631
Remeasurements of the net liability		
(loss)/Return on scheme assets (excluding amount included in net interest expense)	(457)	79
Actuarial (gains)/losses	3,313	(469)
Charge/(credit) recorded in other comprehensive income	2,856	(390)
Total defined benefit cost	3,225	241

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Employee benefits (continued)

The principal actuarial assumptions used are:

	2016	2015
Liability discount rate	2.41%	3.40%
Inflation assumption - RPI	3.10%	2.50%
Inflation assumption - CPI	2.35%	1.75%
Rate of increase in salaries	N/A	N/A
Revaluation of deferred pensions	2.35%	1.75%
Increase for pensions in payment:		
Pre-1997 pension increases	3.00%	3.00%
1997-1998 pension increases	3.50%	3.25%
Post-1998 pension increases	3.05%	2.50%
Proportion of employees option for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	100.00%	100.00%
Expected ages at death of current pensioner at age 65:		
Male aged 65 at year end	85.7	85.6
Female aged 65 at year end	87.7	87.6
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end	86.9	86.9
Female aged 45 at year end	89.2	89.1

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2016	19,523	(25,172)	(5,649)
Benefits paid	(2,085)	2,085	-
Administrative expenses	(183)	-	(183)
Contributions from the employer	500	-	500
Interest income/(expense)	634	(820)	(186)
Return on assets (excluding amount included in net interest expense)	457	-	457
Actuarial (losses)	-	(3,313)	(3,313)
At 31 December 2016	18,846	(27,220)	(8,374)

The return on plan assets was:

	2016 £'000	2015 £'000
Interest Income	634	714
Return on plan assets (excluding amounts included in net interest income/(expense))	457	(79)
Total return on plan assets	1,091	635

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Employee benefits (continued)

The major categories of scheme assets are as follows:

	2016 £'000	2015 £'000
Diversified Credit Funds	2,924	2,922
Corporate Bonds	-	-
Index Linked	1,754	1,710
Diversified Growth Funds	14,107	14,840
Cash	61	51
Total market value of assets	<u>18,846</u>	<u>19,523</u>

22. Related party transactions

The total remuneration for key management personnel for the period totalled £389,000 (2015: £402,000) being remuneration disclosed in note 6.