Sensitisers Group Ltd

Strategic Report

Year ended 31 March 2016

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

PRINCIPAL ACTIVITIES

The principal activities of the group remain unchanged as industrial surface coaters and convertors.

BUSINESS REVIEW

Performance

The group manufactures and distributes a wide range of coated films and papers from its two UK divisions into a range of global markets. The results for the year are set out on page 9. The group's profit for the financial year after taxation declined to £336,100 (2015 £481,518). Turnover decreased by over 3% to £13.882m (2015 £14.414m) primarily as a result of reduced level of sales both in the UK and Europe although sales in North America increased during the year.

Measurement

The group undertakes detailed business planning to define strategic objectives. Key performance indicators include delivery performance, customer complaints, production reliability and productivity and sales plan achievement together with a number relating to both health and safety and our employees. The board considers that the group has an effective measurement and reporting system, consistent with its size and complexity.

As far as financial performance is concerned the key measurements used by the group are turnover and operating profit as reported on the face of the statement of comprehensive income and cashflow performance.

Risks and uncertainties

The following comprises a summary of what the group believes are the main risks to which the group is exposed, which could affect the business, results of operations, cashflow, financial condition, turnover, profits, assets, liquidity and capital resources of the group.

1. The prices of the raw materials the group uses could adversely affect its results of operations, cashflow and or financial condition.

The group uses significant amounts of film, various chemicals and other raw materials in manufacturing its products. Prices for some of these materials are based on commodity prices which can be volatile. The group also relies on a small number of suppliers for key raw materials. If any of these suppliers is unable to meet its obligations or increases its prices, the group may not find a replacement supplier that is able to provide such raw materials on similar terms. This risk is partly mitigated by ensuring the maintenance of high levels of stock of key raw materials.

2. The occurrence of major operational problems could have an adverse effect on the group's results of operations, cash flow and or financial condition.

The group's revenues are dependent on the continued operation of its manufacturing facilities. The main operational risks include;

- temporary plant and/or utility outages
- raw material supply disruptions
- labour force shortages
- events impeding the transporting of products
- natural disasters

Whilst the group maintains insurance at levels that it believes are appropriate, some of these operational risks could result in losses and liabilities in excess of its insurance coverage or in uninsured losses or liabilities. The occurrence of major operational problems may have an adverse effect on the results of operations, cash flow and/or financial condition of the group.

3. The group derives a significant percentage of its revenue from sales to major customers and if it is unable to retain these customers, its results of operations, cash flow and or financial condition could be adversely affected.

Sales to major customers are significant. The group believes that the geographical spread of its customers together with the wide range and nature of products sold reduce the potential adverse affects of the loss of business from any one customer. Nevertheless, the loss of a major customer without replacement, could have an adverse effect on the group's results, cash flow and or financial condition.

4. Violations of environmental, health and safety and other laws, regulations and standards could restrict the group's operations, expose it to liability, increase its costs and have an adverse effect on its results of operations, cash flow and or financial condition.

The group is subject to a broad range of laws, regulations and standards, including those relating to pollution, the health and safety of employees, protection of the public, protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of waste materials. In the ordinary course of business, the group is subject to inspections and monitoring by the appropriate enforcement authorities. The group also requires relevant permits for its operations, which require compliance with their terms and annual renewal. The group has established environmental, health and safety and other policies to comply with applicable laws and regulations. Nevertheless, any failure in this area could have an adverse effect on the group's results of operations, cash flow and/or financial condition.

5. Foreign exchange.

Revenues in both US dollars and euros make up a significant part of the group's business and the group is therefore exposed to movements in these exchange rates against sterling. This risk is partly mitigated by the fact that purchases are made in both US dollars and euros together with the placing of forward exchange contracts. The group maintains bank accounts in these currencies in order to manage this risk.

6. Economic uncertainty.

The current economic conditions create an element of uncertainty over demand for some of the group's products, but the group's forecasts and projections show that the group is expected to have a sufficient level of financial resources available through cash resources and current banking facilities. The directors therefore believe that the group is well placed to manage its business risks successfully despite the economic uncertainty.

Future developments

The directors remain confident that the group will maintain a satisfactory level of performance in the future, with a strong and continued focus on the development of new and innovative materials, production flexibility, product quality and customer service. The group has made significant capital investment amounting to over £2m to both improve operating efficiency and to enable diversification into new markets. This expenditure has been supported by the receipt of £368,000 in respect of a government grant for business investment. The new equipment should be fully operational before 31st March 2017. The commercial environment continues to be challenging with increasing competitive pressures. The group is is focusing on developing and introducing new products, identifying new markets and new customers and to grow sales and increase profitability.

This report was approved by the board of directors on 18 November 2016 and signed on behalf of the board by:

K C Boyes
Company Secretary

Sensitisers Group Ltd

Directors' Report

Year ended 31 March 2016

The directors present their report and the financial statements of the group for the year ended 31 March 2016.

Directors

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

P A Newell
P M Bartlett
B Colak
K C Boyes

Dividends

The directors do not recommend the payment of a dividend.

Research and development

The group is committed to maintaining a high level of investment into research and development, to continue the development of new and innovative materials and to maintain a competitive position in the market.

Health and safety and the environment

The group places great emphasis on health and safety and is determined by way of continued investment, employee involvement and training to maintain its good health and safety record.

The group recognises the importance of its environmental responsibilities and continues to develop materials with reduced environmental impact. Initiatives designed to improve the group's impact on the environment include energy use improvement and efficiency and the recycling and the reduction of waste. The group mitigates its carbon footprint by financing the planting and lifetime care of trees in the South West of England with the Woodland Trust.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 group and the company and the profit or loss of the group 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;
- 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.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and

- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 18 November 2016 and signed on behalf of the board by:

K C Boyes
Company Secretary

Independent Auditor's Report to the Shareholders of Sensitisers Group Ltd

Year ended 31 March 2016

We have audited the financial statements of Sensitisers Group Ltd for the year ended 31 March 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. 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 shareholders, 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 shareholders 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 shareholders 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 group's and the parent 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 strategic report and the directors' 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 parent company's affairs as at 31 March 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent Auditor's Report to the Shareholders of Sensitisers Group Ltd
(continued)

Year ended 31 March 2016

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Reed (Senior Statutory Auditor)

For and on behalf of
Robinson Reed Layton
Chartered accountant & statutory auditor

Peat House
Newham Road
Truro
Cornwall
TR1 2DP

21 November 2016

Sensitisers Group Ltd

Consolidated Statement of Comprehensive Income

Year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	**13,882,155**	14,414,546
Cost of sales		**(10,739,364)**	(11,510,223)
Gross profit		**3,142,791**	2,904,323
Administrative expenses		**(2,639,852)**	(2,511,196)
Other operating income	4	**24,171**	24,274
Operating profit	5	**527,110**	417,401
Other interest receivable and similar income		**2,472**	17,147
Amounts written off investments	9	**(45,553)**	–
Interest payable and similar charges	10	**(16,123)**	–
Profit on ordinary activities before taxation		**467,906**	434,548
Tax on profit on ordinary activities	11	**(131,806)**	46,970
Profit for the financial year		**336,100**	481,518
Revaluation of tangible assets		**–**	1,188,521
Total comprehensive income for the year		**336,100**	1,670,039

All the activities of the group are from continuing operations.

The notes on pages 15 to 30 form part of these financial statements.

Sensitisers Group Ltd

Consolidated Statement of Financial Position

31 March 2016

	Note		2016 £	2015 £
Fixed assets				
Tangible assets	13		**5,156,690**	4,021,751
Investments	14		**–**	35,753
			5,156,690	4,057,504
Current assets				
Stocks	15	**4,657,818**		4,614,769
Debtors	16	**3,419,010**		3,252,484
Cash at bank and in hand		**1,175,382**		1,131,855
		9,252,210		8,999,108
Creditors: amounts falling due within one year	17	**1,981,251**		1,738,695
Net current assets			**7,270,959**	7,260,413
Total assets less current liabilities			**12,427,649**	11,317,917
Creditors: amounts falling due after more than one year	18		**632,672**	–
Provisions				
Taxation including deferred tax	20		**318,000**	213,000
Net assets			**11,476,977**	11,104,917
Capital and reserves				
Called up share capital	24		**420**	420
Revaluation reserve	25		**1,328,768**	1,328,768
Capital redemption reserve	25		**540**	540
Other reserves	25		**89,000**	–
Profit and loss account	25		**10,058,249**	9,775,189
Shareholders funds			**11,476,977**	11,104,917

These financial statements were approved by the board of directors and authorised for issue on 18 November 2016, and are signed on behalf of the board by:

P M Bartlett
Director

Company registration number: 03513777

The notes on pages 15 to 30 form part of these financial statements.

Sensitisers Group Ltd

Company Statement of Financial Position

31 March 2016

	Note		2016 £	2015 £
Fixed assets				
Investments	**14**		**3,361,890**	3,361,890
Current assets				
Debtors	**16**	**425,000**		400,000
Cash at bank and in hand		**253,735**		181,041
		678,735		581,041
Creditors: amounts falling due within one year	**17**	**3,201**		3,313
Net current assets			**675,534**	577,728
Total assets less current liabilities			**4,037,424**	3,939,618
Capital and reserves				
Called up share capital	**24**		**420**	420
Capital redemption reserve	**25**		**540**	540
Profit and loss account	**25**		**4,036,464**	3,938,658
Shareholders funds			**4,037,424**	3,939,618

These financial statements were approved by the board of directors and authorised for issue on 18 November 2016, and are signed on behalf of the board by:

P M Bartlett
Director

Company registration number: 03513777

The notes on pages 15 to 30 form part of these financial statements.

Sensitisers Group Ltd

Consolidated Statement of Changes in Equity

Year ended 31 March 2016

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Profit and loss account £	**Total £**
At 1 April 2014		420	140,247	540	–	9,293,671	9,434,878
Profit for the year						481,518	481,518
Other comprehensive income for the year:							
Revaluation of tangible assets	**13**	–	1,188,521	–	–	–	1,188,521
Total comprehensive income for the year		–	1,188,521	–	–	481,518	1,670,039
At 31 March 2015		420	1,328,768	540	–	9,811,149	**11,140,877**
Profit for the year						336,100	**336,100**
Other comprehensive income for the year:							
Investment property fair value adjustment		–	–	–	89,000	(89,000)	–
Total comprehensive income for the year		–	–	–	89,000	247,100	**336,100**
At 31 March 2016		420	1,328,768	540	89,000	10,058,249	**11,476,977**

The investment property fair value adjustment is unrealised and has accordingly been transferred to an undistributable reserve. The revaluation reserve is also undistributable.

The notes on pages 15 to 30 form part of these financial statements.

Sensitisers Group Ltd

Company Statement of Changes in Equity

Year ended 31 March 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	**Total**
	£	£	£	**£**
At 1 April 2014	420	540	3,840,967	3,841,927
Profit for the year			97,691	97,691
Total comprehensive income for the year	–	–	97,691	97,691
At 31 March 2015	420	540	3,938,658	**3,939,618**
Profit for the year			97,806	**97,806**
Total comprehensive income for the year	–	–	97,806	**97,806**
At 31 March 2016	420	540	4,036,464	**4,037,424**

The notes on pages 15 to 30 form part of these financial statements.

Sensitisers Group Ltd

Consolidated Statement of Cash Flows

Year ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	**336,100**	481,518
Adjustments for:		
Depreciation of tangible assets	**213,680**	222,078
Amounts written off investments	**45,553**	–
Fair value adjustment of investment property	**(100,000)**	–
Government grant income	**(24,171)**	(24,274)
Other interest receivable and similar income	**(2,472)**	(17,147)
Interest payable and similar charges	**16,123**	–
Loss/(gains) on disposal of tangible assets	**3,459**	(190)
Tax on profit on ordinary activities	**131,806**	(46,970)
Accrued expenses	**103,030**	215,768
Changes in:		
Stocks	**(43,049)**	(174,410)
Trade and other debtors	**(166,526)**	(30,611)
Trade and other creditors	**87,820**	(269,101)
Cash generated from operations	**601,353**	356,661
Interest paid	**(16,123)**	–
Interest received	**2,472**	17,147
Tax (paid)/received	**(26,806)**	21,670
Net cash from operating activities	**560,896**	395,478
Cash flows from investing activities		
Purchase of tangible assets	**(1,266,578)**	(787,568)
Proceeds from sale of tangible assets	**14,500**	5,599
Acquisition of subsidiaries	**(7,200)**	(35,753)
Revaluation of shares in associated company	**(2,600)**	–
Net cash used in investing activities	**(1,261,878)**	(817,722)
Cash flows from financing activities		
Proceeds from borrowings	**720,338**	–
Government grant income	**24,171**	24,274
Net cash from financing activities	**744,509**	24,274
Net increase/(decrease) in cash and cash equivalents	**43,527**	(397,970)
Cash and cash equivalents at beginning of year	**1,131,855**	1,529,825
Cash and cash equivalents at end of year	**1,175,382**	1,131,855

The notes on pages 15 to 30 form part of these financial statements.

1. Statement of compliance

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

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 30.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

(a) No cash flow statement has been presented for the company.

Consolidation

The financial statements consolidate the financial statements of Sensitisers Group Ltd and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2. Accounting policies *(continued)*

Revenue recognition

Turnover represents revenue recognised in the financial statements. Revenue is recognised when the company fulfils its contractual obligations to customers by supplying goods and services and excludes value added tax.

Taxation

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted /or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average exchange rates for the year. Exchange differences are taken into account in arriving at the operating profit.

Tangible assets

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

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

2. Accounting policies *(continued)*

Depreciation

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

Freehold property	-	2% straight line
Computer equipment	-	25% straight line
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance

Freehold property includes land which is not subject to depreciation. Leasehold additions are depreciated at a rate of 15% per annum on a reducing balance basis.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Investments

Investments in subsidiary and associated companies are accounted for at cost less any accumulated impairment losses. Impairment losses are recognised in other comprehensive income/profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

2. Accounting policies *(continued)*

Government grants

Government grants are recognised at fair value when there is reasonable assurance that they will be received. Grants related to expenditure on tangible fixed assets are treated as deferred income and are credited to profit over a period approximating to the useful lives of those assets. The grants shown in the balance sheet consist of the total grants receivable to date less the amount so far credited to profit.

Provisions

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

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

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

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

Research and development

Research and development expenditure is written off in the year in which it is incurred.

3. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	**13,882,155**	14,414,546

3. Turnover *(continued)*

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016	2015
	£	£
United Kingdom	4,817,755	5,327,673
Overseas	9,064,400	9,086,873
	13,882,155	14,414,546

4. Other operating income

	2016	2015
	£	£
Government grant income	24,171	24,274

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	213,680	222,077
Loss/(gains) on disposal of tangible assets	3,459	(190)
Change in value of foreign exchange contract derivatives	5,945	113,037
Foreign exchange differences	45,358	(332,923)
Defined contribution plans expense	262,267	268,765

The amount of stock recognised as an expense amounted to £6,575,330 (2015 £6,796,302).

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	18,000	17,500

Fees payable to the company's auditor and its associates for other services:

	2016	2015
Taxation advisory services	2,410	2,260

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Production staff	77	81
Administrative staff	28	28
	105	109

7. Staff costs *(continued)*

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

	2016	2015
	£	£
Wages and salaries	3,264,840	3,338,072
Social security costs	331,451	370,231
Other pension costs	262,267	268,765
	3,858,558	3,977,068

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	344,082	353,785
Company contributions to defined contribution pension plans	52,301	74,521
	396,383	428,306

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

	2016	2015
	No.	No.
Defined contribution plans	3	3

Remuneration of the highest paid director in respect of qualifying services:

	2016	2015
	£	£
Aggregate remuneration	133,174	144,147
Company contributions to defined contribution pension plans	24,000	38,520
	157,174	182,667

9. Amounts written off investments

	2016	2015
	£	£
Impairment of other fixed asset investments	45,553	–

10. Interest payable and similar charges

	2016	2015
	£	£
Interest on banks loans and overdrafts	16,123	–

11. Tax on profit on ordinary activities

Major components of tax expense/(income)

	2016	2015
	£	£
Current tax:		
UK current tax income	**(81,600)**	(74,500)
Adjustments in respect of prior periods	**3**	12
Total UK current tax	**(81,597)**	(74,488)
Foreign current tax expense/(income)	**110,380**	(2,098)
Adjustments in respect of prior periods	**(1,977)**	616
Total foreign tax	**108,403**	(1,482)
Total current tax	**26,806**	(75,970)
Deferred tax:		
Origination and reversal of timing differences	**105,000**	29,000
Tax on profit on ordinary activities	**131,806**	(46,970)

Reconciliation of tax expense/(income)

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

	2016	2015
	£	£
Profit on ordinary activities before taxation	**467,906**	434,548
Profit on ordinary activities by rate of tax	**43,969**	57,385
Adjustment to tax charge in respect of prior periods	**3**	12
Effect of expenses not deductible for tax purposes	**12,551**	7,009
Effect of capital allowances and depreciation	**(68,875)**	(32,722)
Effect of revenue exempt from tax	**–**	(2,975)
Utilisation of tax losses	**23,974**	–
(Under)/over provision for the year	**10**	(3)
R & D tax credit/research allowance	**(81,610)**	(103,194)
Foreign tax	**108,403**	(1,482)
Change in value of foreign exchange contract derivatives	**8,381**	–
Fair value adjustment of investment property	**(20,000)**	–
Tax on profit on ordinary activities	**26,806**	(75,970)

12. Profit for the year of the parent company

The profit for the financial year of the parent company was £97,806 (2015: £97,691).

13. Tangible assets

Group	Freehold property £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Apr 2015	2,651,298	145,313	3,634,384	69,779	206,544	**6,707,318**
Additions	633,702	17,983	563,243	1,825	49,825	**1,266,578**
Disposals	–	(46,398)	(1,884)	–	(23,945)	**(72,227)**
Revaluations	100,000	–	–	–	–	**100,000**
At 31 Mar 2016	3,385,000	116,898	4,195,743	71,604	232,424	**8,001,669**
Depreciation						
At 1 Apr 2015	–	116,241	2,385,813	48,318	135,195	**2,685,567**
Charge for the year	–	16,916	167,449	3,510	25,805	**213,680**
Disposals	–	(46,398)	(1,884)	–	(5,986)	**(54,268)**
At 31 Mar 2016	–	86,759	2,551,378	51,828	155,014	**2,844,979**
Carrying amount						
At 31 Mar 2016	3,385,000	30,139	1,644,365	19,776	77,410	**5,156,690**
At 31 Mar 2015	2,651,298	29,072	1,248,571	21,461	71,349	4,021,751

The company has no tangible assets.

Included within the above is investment property as follows:

	Group £	Company £
At 1 April 2015	**250,000**	–
Fair value adjustments	**100,000**	–
At 31 March 2016	**350,000**	–

The investment property was professionally valued in June 2016 on an open market basis by an independent valuer holding a recognised and relevant qualification and having recent experience in similar investment properties. The investment property had an original carrying value of £109,753. Tax of £11,000 would be payable on the sale of the properties based on their carrying value in the financial statements. This amount has been provided for and is shown in note 19 below.

The freehold properties were professionally valued in June 2016 on an open market basis by an independent valuer holding a recognised and relevant qualification and having recent experience in similar properties. The properties had an original carrying value of £1,777,479. Tax of £69,000 would be payable on the sale of the properties based on their carrying value in the financial statements. This amount has been provided for and is shown in note 19 below. Freehold property includes leasehold additions which have a net book value of £127,947 (2015 £124,529). Freehold property includes land with a cost of £172,609 (2015 £172,609) which is not subject to depreciation. Plant and machinery includes equipment under construction with a value of £695,494 (2015 £231,165) which has not been depreciated.

14. Investments

Group	Shares in group and associated companies £
Cost	
At 1 April 2015	**35,753**
Additions	**7,200**
Revaluations	**2,600**
At 31 March 2016	**45,553**
Impairment	
Impairment losses	**45,553**
At 31 March 2016	**45,553**
Carrying amount	
At 31 March 2016	**–**
At 31 March 2015	35,753

Company	Shares in group and associated companies £
Cost	
At 1 April 2015	**3,510,465**
At 31 March 2016	**3,510,465**
Impairment	
Impairment losses	**148,575**
At 31 March 2016	**148,575**
Carrying amount	
At 31 March 2016	**3,361,890**
At 31 March 2015	3,510,465

Details of subsidiary and associated companies are disclosed in note 28 to the accounts.

15. Stocks

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Raw materials and consumables	**3,504,814**	3,530,190	**–**	–
Work in progress	**22,004**	14,925	**–**	–
Finished goods and goods for resale	**1,131,000**	1,069,654	**–**	–
	4,657,818	4,614,769	**–**	–

16. Debtors

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Trade debtors	**2,893,670**	2,637,709	**–**	–
Amounts owed by group undertakings	**–**	–	**425,000**	400,000
Corporation tax repayable	**116,369**	74,500	**–**	–
Loans to associated companies	**17,444**	–	**–**	–
Other debtors	**391,527**	540,275	**–**	–
	3,419,010	3,252,484	**425,000**	400,000

The above includes unsecured loans to other group companies of £425,000 (2015 £400,000) and to associated companies of £17,444 (2015 £Nil) which are repayable on demand. Interest is payable on the loans calculated by reference to the base rate of National Westminster Bank Plc.

17. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans and overdrafts	**87,666**	–	**–**	–
Trade creditors	**1,055,995**	1,019,993	**–**	–
Amounts owed to group undertakings	**–**	–	**3,201**	3,313
Accruals and deferred income	**318,798**	215,768	**–**	–
Social security and other taxes	**69,449**	74,595	**–**	–
Derivative financial liability	**41,905**	35,960	**–**	–
Other creditors	**407,438**	392,379	**–**	–
	1,981,251	1,738,695	**3,201**	3,313

The accruals and deferred income comprises of deferred government grants receivable to date less the amounts so far credited to profit.

18. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans and overdrafts	**632,672**	–	**–**	–

Included within creditors: amounts falling due after more than one year is an amount of £(305,160) (2015: £Nil) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loan is secured against one of the company's freehold properties with a value of £425,000 and by a debenture held over the assets of the company. The loan was advanced on 1st June 2015 and has a repayment term of ten years. The rate of interest payable on the loan is fixed at 3.92% for the entire term.

19. Deferred tax

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

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Included in provisions (note 20)	**318,000**	213,000	**–**	–

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

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Accelerated capital allowances	**261,000**	144,000	**–**	–
Revaluation of tangible assets	**69,000**	69,000	**–**	–
Revaluation of investment property	**11,000**	21,000	**–**	–
Unused tax losses	**(23,000)**	–	**–**	–
	318,000	234,000	**–**	–

The amount of the net reversal of defeered tax assets and liabilities expected to occur during the year beginning after the reporting period is estimated to be £5,000.

20. Provisions

Group	Deferred tax (note 19)
	£
At 1 April 2015	**192,000**
Profit and loss account movement arising during the year	**105,000**
Revaluation of tangible assets	**21,000**
At 31 March 2016	**318,000**

The company does not have any provisions.

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £262,267 (2015: £268,765).

22. Government grants

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

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Recognised in other operating income:				
Government grant income	**24,171**	24,274	**–**	–

23. Financial instruments

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

	2016	2015
	£	£
Financial liabilities		
Derivative financial liabilities measured at fair value through profit or loss	**(5,945)**	(113,037)

The group has derivatives which are included at fair value in the balance sheet and through profit or loss. The derivatives comprise of forward exchange contracts which are used by the group to hedge its exposure to movements in foreign currency exchange rates. The principal sums and values in sterling at the contracted rates at the balance sheet date were as follows:

US dollars
Principal $2,900,000 (2015 $1,000,000)
At contract exchange rates £1,976,373 (2015 £613,011)

Euros
Principal €Nil (2015 €200,000)
At contract exchange rates £Nil (2015 £167,856)

Fair value of the derivatives has been determined by comparing the contract exchange rates to the forward exchange rates that were available at the balance sheet date for the relevant settlement dates.

24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	**420**	**420**	420	420

25. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

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

Other reserve - This reserve records fair value movements on the investment property recognised in the profit and loss account.

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

26. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Tangible assets	**77,555**	542,884	**–**	–

27. Contingencies

There was a contingent liability at the balance sheet date in the sum of £20,000 (2015 £20,000) in respect of a Bond to HM Revenue and Customs.

28. Subsidiary and associated undertakings

The company holds either directly or indirectly 100% of the issued share capital of the companies listed below which are all incorporated in England unless otherwise stated.

Kernow Coatings Ltd - Industrial surface coating and conversion.

Sensitisers (Acton) Ltd - Property rental.

KC Overseas Holdings Ltd - Holding company for Kernow North America Inc.

Sensitisers (Penryn) Ltd - Property rental.

Kernow North America Inc. - Incorporated in the United States of America - wholesaler of digital imaging products.

The company has the following investments held indirectly in the issued share capital of the associated companies listed below which are all incorporated in England unless otherwise stated. The nature of business of the companies, together with details of the capital and reserves at the balance sheet date and the profit or loss for the period year are also disclosed. As the associated companies are not included within the group accounts, additional disclosure is made in respect of the goods and services provided and received in the normal course of business by the company together with outstanding amounts at the balance sheet date.

Appfactory BVBA. Incorporated in Belgium - web based reseller of digital imaging products - 33%.

Capital and Reserves £(670) (2015 £13,320)
Loss for the period £14,215 (2015 £341)

Sales to £63,328 (2015 £16,825)
Purchases from £47,949 (2015 £16,465)

Amounts due to £4,246 (2015 £12,295)
Amounts due from £29,176 (2015 £12,364)

Appfactory USA Inc. Incorporated in Delaware in the United States of America - web based reseller of digital imaging products - 50%.

Capital and Reserves £(19,622) (2015 £14,831)
Loss for the year £31,700 (2015 £1,349)

Appfactory Digital Limited - dormant company - 60%

Capital and Reserves £(10,179)
Loss for the period £22,179

29. Controlling party

The company is a private company limited by shares and incorporated in England.

There is no ultimate controlling party of Sensitisers Group Ltd.

30. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 April 2014.

30. Transition to FRS 102 *(continued)*

Reconciliation of equity

Group	1 April 2014			31 March 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£	£	£	£
Fixed assets	2,204,149	1,257,521	3,461,670	2,799,983	1,257,521	4,057,504
Current assets	9,192,057	77,077	9,269,134	8,999,108	–	8,999,108
Creditors: amounts falling due within one year	(1,846,328)	–	(1,846,328)	(1,702,735)	(35,960)	(1,738,695)
Net current assets	7,345,729	77,077	7,422,806	7,296,373	(35,960)	7,260,413
Total assets less current liabilities	9,549,878	1,334,598	10,884,476	10,096,356	1,221,561	11,317,917
Provisions	(115,000)	(69,000)	(184,000)	(144,000)	(69,000)	(213,000)
Net assets	9,434,878	1,265,598	10,700,476	9,952,356	1,152,561	11,104,917
Capital and reserves	9,434,878	1,265,598	10,700,476	9,952,356	1,152,561	11,104,917

Reconciliation of equity

No transitional adjustments were required for the company.

Reconciliation of profit or loss for the year

	Year ended 31 March 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£
Turnover	14,414,546	–	14,414,546
Cost of sales	(11,510,223)	–	(11,510,223)
Gross profit	2,904,323	–	2,904,323
Administrative expenses	(2,475,236)	(35,960)	(2,511,196)
Other operating income	24,274	–	24,274
Operating profit	453,361	(35,960)	417,401
Other interest receivable and similar income	17,147	–	17,147
Tax on profit on ordinary activities	46,970	–	46,970
Profit for the financial year	517,478	(35,960)	481,518

30. Transition to FRS 102 *(continued)*

The transitional adjustments to equity and profit as a result of the implementation of FRS 102 relate to the revaluation of the group's freehold property amounting to £1,257,521 and the group's investment properties amounting to £140,247 and the provision for deferred tax if the properties were sold at valuation amounting to £69,000. The other adjustments relate to the recognition of foreign exchange contracts in the balance sheet with fair value adjustments being taken through the profit and loss account. Fair value of the derivatives has been determined by comparing the contract exchange rates to the forward exchange rates that were available at the balance sheet date for the relevant settlement dates.