

Registered number: 05743422

Nenplas Limited

Directors' report and financial statements

For the Year Ended 31 December 2017



Nenplas Limited

Company Information

Directors	R Butcher G Horrobin S Jones R Lumb
Company secretary	R Lumb
Registered number	05743422
Registered office	Airfield Industrial Estate Blenheim Road Ashbourne Derbyshire DE6 1HA
Independent auditors	PricewaterhouseCoopers LLP Donington Park Herald Way East Midlands DE74 2UZ

Nenplas Limited

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 30

**Strategic report
For the Year Ended 31 December 2017**

Business review

The principal activity of the company continued to be that of the manufacture and distribution of extruded plastic products.

The directors are pleased with the performance of the business, delivering an operating profit of £1.97m for the year (period ended 31 December 2016 - £1.43m) on turnover of £12.89m for the year (period ended 31 December 2016 - £7.22m), a 15.3% return on sales (period ended 31 December 2016 - 19.8%). (The comparative figures in these financial statements are for a 7 month period.)

The business continued to invest in people, key business assets (tooling and other) and research and development during the period.

The business continues to satisfy all major customers in the retail, leisure, industrial, building, shop-fitting and diy sectors.

Principal risks and uncertainties

The key financial risk facing the business is credit risk, which is continually monitored by the board. Credit risk is managed by the continual monitoring of credit terms extended to customers so that the company's exposure to bad debts is minimised.

The company continues to offset the risk of competitive pressure through continual improvement in its customer focused activities, supplying a good quality, market priced product on time. It strives to reduce cost by identifying non-added value processes whilst continually pushing to exceed customer expectations.

Key performance indicators

The company supplies a number of diverse markets and continually monitors its internal and external activities using Key Performance Indicators, such as sales, gross profit and operating profit, which are monitored by the board of directors as often as is considered necessary. The board continually reviews the company balance sheet including all assets and liabilities and is confident that the company's funding structure is appropriate for both its current position and future growth.

This report was approved by the board on 23 - 4 - 18 . and signed on its behalf.



**R Lumb
Director**

**Directors' report
For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the financial year amounted to £149,000 (2016 - £1,156,000).

During the year dividends of £Nil (period ended 31 December 2016 - £Nil) have been declared.

Directors

The directors who served during the year were:

R Butcher
G Horrobin
S Jones
R Lumb

Future developments

Details of any significant future developments are provided in the business review in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Matters covered in the strategic report

Details of principal risks and uncertainties are contained within the Strategic Report.

Directors' report (continued)
For the Year Ended 31 December 2017

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent auditors

During the year Dains LLP resigned as the company's auditors. PricewaterhouseCoopers LLP were appointed to fill the resulting vacancy. PricewaterhouseCoopers LLP have expressed their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23.4.18, and signed on its behalf.



R Lumb
Director

Independent auditors' report to the members of Nenplas Limited

Opinion

In our opinion, Nenplas Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2017; the profit and loss account statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent auditors' report to the members of Nenplas Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Nenplas Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

24 April 2018

Nenplas Limited

Profit and loss account For the Year Ended 31 December 2017

		Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
	Note		
Turnover	4	12,887	7,222
Cost of sales		(8,477)	(4,527)
Gross profit		4,410	2,695
Distribution costs		(676)	(405)
Administrative expenses		(1,845)	(723)
Exceptional administrative expenses	5	-	(175)
Other operating income	6	82	37
Operating profit	7	1,971	1,429
Impairment of investments	7	(1,378)	-
Interest receivable and similar income	11	1	9
Interest payable and similar expenses	12	(49)	(12)
Profit before taxation		545	1,426
Tax on profit	13	(396)	(270)
Profit for the financial year		149	1,156

The notes on pages 11 to 30 form part of these financial statements.

Nenplas Limited

**Statement of comprehensive income
For the Year Ended 31 December 2017**

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Profit for the financial year	149	1,156
Total comprehensive income for the year	149	1,156

Balance sheet
As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	14	20	95
Tangible assets	15	5,750	2,530
Investments	16	2,815	4,193
		<u>8,585</u>	<u>6,818</u>
Current assets			
Stocks	17	1,237	975
Debtors: amounts falling due after more than one year	18	-	532
Debtors: amounts falling due within one year	18	2,252	3,605
Cash at bank and in hand	19	646	715
		<u>4,135</u>	<u>5,827</u>
Creditors: amounts falling due within one year	20	(5,595)	(5,465)
Net current (liabilities)/assets		<u>(1,460)</u>	<u>362</u>
Total assets less current liabilities		<u>7,125</u>	<u>7,180</u>
Creditors: amounts falling due after more than one year	21	-	(279)
Provisions for liabilities			
Deferred tax	24	(233)	(158)
		<u>(233)</u>	<u>(158)</u>
Net assets		<u>6,892</u>	<u>6,743</u>
Capital and reserves			
Called up share capital	25	143	143
Share premium account	26	388	388
Profit and loss account	26	6,361	6,212
Total equity		<u>6,892</u>	<u>6,743</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23.4.18



R Lumb
Director

The notes on pages 11 to 30 form part of these financial statements.

Nenplas Limited

**Statement of changes in equity
For the Year Ended 31 December 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	143	388	6,212	6,743
Profit for the financial year	-	-	149	149
At 31 December 2017	143	388	6,361	6,892

**Statement of changes in equity
For the Year Ended 31 December 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 June 2016	143	388	5,056	5,587
Profit for the financial period	-	-	1,156	1,156
At 31 December 2016	143	388	6,212	6,743

The notes on pages 11 to 30 form part of these financial statements.

**Notes to the financial statements
For the Year Ended 31 December 2017**

1. General information

Nenplas Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page.

The principal activity of the company is the manufacture and distribution of extruded and fabricated plastic products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied consistently, other than where new policies have been adopted:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Surteco Societas Europaea as at 31 December 2017 and these financial statements may be obtained from Johan-Viktor-Bausch-Str 2, D-86647, Buttenweisen-Pfaffenhofen, Germany.

2.3 Going concern

The directors have confirmed that they have the ongoing support of the ultimate parent and, having reviewed cash flow forecasts, have sufficient facilities available and accordingly the going concern basis has been adopted in the preparation of the annual report and financial statements

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Leasehold improvements	- 2 - 6% straight line
Plant and machinery	- 8.33% straight line
Office equipment	- 15 - 20% straight line
Tooling	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.7 Development costs

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

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

2.16 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2. Accounting policies (continued)

2.19 Other operating income

Other operating income represents Research and Development Expenditure Credits receivable which are recognised in income on an accruals basis, when they can be accurately measured.

2.20 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.23 Exceptional administrative expenses

Exceptional administrative expenses are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the financial statements
For the Year Ended 31 December 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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.

Management is required to exercise judgement in estimating the slow moving stock provision, which takes into account the ageing of stock, its likelihood of being sold or being used in future, and its estimated resale value.

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

Actual results could differ from those estimated. 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 revision and future periods if the revision affects both current and future periods.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
United Kingdom	12,404	7,017
Rest of Europe	483	205
	<u>12,887</u>	<u>7,222</u>

5. Exceptional administrative expenses

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Non-recurring administrative expenses	-	175
	<u>-</u>	<u>175</u>

**Notes to the financial statements
For the Year Ended 31 December 2017**

6. Other operating income

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Research and Development Expenditure Credit	82	37

7. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Depreciation of tangible fixed assets	548	228
Amortisation of intangible assets, including goodwill	75	29
Impairment of investments	1,378	-
Exchange differences	(2)	(3)
Other operating lease rentals	279	144
Defined contribution pension cost	99	63
Stock provision charge	22	4
Cost of inventories recognised as an expense	4,523	2,338

8. Auditors' remuneration

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15	18
	15	18
Fees payable to the Company's auditor in respect of:		
Other services relating to taxation	-	3
All other services	-	12
	-	15

Notes to the financial statements
For the Year Ended 31 December 2017

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Wages and salaries	3,436	1,766
Social security costs	335	162
Other pension costs	99	63
	<u>3,870</u>	<u>1,991</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2017 No.	Period ended 31 December 2016 No.
Production	90	86
Selling and distribution	12	15
Administration	7	7
Management	4	4
	<u>113</u>	<u>112</u>

Notes to the financial statements
For the Year Ended 31 December 2017

10. Directors' remuneration

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Directors' emoluments	410	53
Company contributions to defined contribution pension schemes	32	51
	<u>442</u>	<u>104</u>

During the year retirement benefits were accruing to 4 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £114 thousand (2016 - £14 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10 thousand (2016 - £35 thousand).

11. Interest receivable and similar income

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Interest receivable from group companies	<u>1</u>	<u>9</u>

12. Interest payable and similar expenses

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Bank interest payable	35	5
Interest payable to group companies	14	-
Finance leases and hire purchase contracts	-	7
	<u>49</u>	<u>12</u>

Notes to the financial statements
For the Year Ended 31 December 2017

13. Tax on profit

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Corporation tax		
Current tax on profits for the year	322	271
Adjustments in respect of prior periods	(1)	(30)
Total current tax	321	241
Deferred tax		
Origination and reversal of timing differences	75	21
Effect of tax rate change on opening balances	-	(8)
Adjustments in respect of prior periods	-	16
Total deferred tax	75	29
Taxation on profit on ordinary activities	396	270

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	Year ended 31 December 2017 £000	Period ended 31 December 2016 £000
Profit on ordinary activities before tax	545	1,426
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	105	285
Effects of:		
Expenses not deductible for tax purposes	274	3
Adjustments in respect of prior periods	(1)	(30)
Chargeable gains	16	-
Other differences leading to an increase in the tax charge	2	12
Total tax charge for the period	396	270

Notes to the financial statements
For the Year Ended 31 December 2017

14. Intangible assets

	Goodwill £000
Cost	
At 1 January 2017	466
At 31 December 2017	<u>466</u>
Accumulated Amortisation	
At 1 January 2017	371
Charge for the year	75
At 31 December 2017	<u>446</u>
Net book value	
At 31 December 2017	<u><u>20</u></u>
At 31 December 2016	<u><u>95</u></u>

Notes to the financial statements
For the Year Ended 31 December 2017

15. Tangible assets

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Office equipment £000	Total £000
Cost					
At 1 January 2017	-	474	10,311	1,122	11,907
Additions	2,500	71	1,151	47	3,769
Disposals	-	-	(49)	-	(49)
At 31 December 2017	<u>2,500</u>	<u>545</u>	<u>11,413</u>	<u>1,169</u>	<u>15,627</u>
Accumulated Depreciation					
At 1 January 2017	-	64	8,321	992	9,377
Charge for the year on owned assets	-	31	329	38	398
Charge for the year on financed assets	-	-	150	-	150
Disposals	-	-	(48)	-	(48)
At 31 December 2017	<u>-</u>	<u>95</u>	<u>8,752</u>	<u>1,030</u>	<u>9,877</u>
Net book value					
At 31 December 2017	<u>2,500</u>	<u>450</u>	<u>2,661</u>	<u>139</u>	<u>5,750</u>
At 31 December 2016	<u>-</u>	<u>410</u>	<u>1,990</u>	<u>130</u>	<u>2,530</u>

Notes to the financial statements
For the Year Ended 31 December 2017

16. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	4,193
At 31 December 2017	4,193
Accumulated depreciation	
Charge for the year	1,378
At 31 December 2017	1,378
Net book value	
At 31 December 2017	2,815
At 31 December 2016	4,193

The directors have decided to liquidate Delta Plastics Limited, as a result an impairment charge of £1,378,000 has been recorded in the year.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Polyplas Extrusions Limited	Ordinary	100 %	Manufacturing plastic extrusions
Delta Plastics Limited	Ordinary	100 %	Manufacturing plastic extrusions

Name	Registered office
Polyplas Extrusions Limited	Airfield Industrial Estate, Blenheim Road, Ashbourne, Derbyshire, DE6 1HA
Delta Plastics Limited	Airfield Industrial Estate, Blenheim Road, Ashbourne, Derbyshire, DE6 1HA

Notes to the financial statements
For the Year Ended 31 December 2017

16. Investments (continued)

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Polyplas Extrusions Limited	4,187,835	889,167
Delta Plastics Limited	871,543	(193,754)
	<u>4,187,835</u>	<u>(193,754)</u>

17. Stocks

	2017 £000	2016 £000
Raw materials and consumables	813	677
Finished goods and goods for resale	424	298
	<u>1,237</u>	<u>975</u>

There is no material difference between the carrying value of inventories and replacement costs. The provision against slow moving stock and obsolete stock at 31 December 2017 is £39,000 (2016 - £17,000).

18. Debtors

	2017 £000	2016 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	532
	<u>-</u>	<u>532</u>
Amounts falling due within one year		
Trade debtors	1,965	1,949
Amounts owed by group undertakings	-	1,449
Other debtors	3	26
Prepayments and accrued income	284	181
	<u>2,252</u>	<u>3,605</u>

Trade receivables at the reporting date are shown above net of provisions of £Nil (2016 - £Nil). Amounts owed by group undertakings are unsecured and payable on demand under normal commercial terms.

Notes to the financial statements
For the Year Ended 31 December 2017

19. Cash at bank and in hand

	2017 £000	2016 £000
Cash at bank and in hand	646	715

20. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,270	1,314
Amounts owed to group undertakings	3,631	3,062
Corporation tax	39	145
Other taxation and social security	411	471
Obligations under finance lease and hire purchase contracts	-	164
Other creditors	65	63
Accruals and deferred income	179	246
	<u>5,595</u>	<u>5,465</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

21. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Net obligations under finance leases and hire purchase contracts	-	279

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £000	2016 £000
Within one year	-	164
Between 1-2 years	-	105
Between 2-5 years	-	174
	<u>-</u>	<u>443</u>

Notes to the financial statements
For the Year Ended 31 December 2017

23. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at amortised cost	<u>2,614</u>	<u>4,671</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,966)</u>	<u>(4,882)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, obligations under finance lease and hire purchase contracts and other creditors.

24. Deferred taxation

	2017 £000	2016 £000
At beginning of year	158	130
Charged to the profit or loss	<u>75</u>	<u>28</u>
At end of year	<u>233</u>	<u>158</u>

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	220	159
Capital gains	14	-
Short term timing differences	<u>(1)</u>	<u>(1)</u>
	<u>233</u>	<u>158</u>

Notes to the financial statements
For the Year Ended 31 December 2017

25. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
10,000,000 (2016 - 10000000) A Ordinary shares of £0.01 each	100,000	100,000
6,666,667 (2016 - 6666667) B Ordinary shares of £0.001 each	6,667	6,667
18,109,367 (2016 - 18109367) C Ordinary shares of £0.001 each	18,109	18,109
1,515,151 (2016 - 1515151) Deferred shares of £0.001 each	1,515	1,515
1,674,000 (2016 - 1674000) E Ordinary shares of £0.01 each	16,740	16,740
	<u>143,031</u>	<u>143,031</u>

The 'A' and 'B' shares have the following rights

- One vote per share
- Capital equally split after receiving issue price back, subject to the ratchet
- Rights to proceed on sale are on the same basis as capital, after the returns to the holders of the 'C' ordinary shares
- Rights to dividends on the same basis as capital
- No redemption rights

The deferred shares have the following rights

- No voting rights
- Share equally in dividends once the holders of the 'A' and 'B' ordinary shares have received £1,000,000 per share of dividends
- Rights to proceed on sale are as per the dividend rights, to a maximum of £1 per share
- No redemption rights

The 'C' shares have the following rights

- No voting rights
- Rights to capital are to receive back the issue price once the 'A' and 'B' ordinary shareholders have received £1,000,000 per share then a further £1 per share
- The right on sale is the 'C' share value, as defined within the Articles of Association of the company, in priority to other payments
- Share equally in dividends with 'A' and 'B' ordinary shares once the 'A' and 'B' ordinary shares have received £1,000,000 per share
- No redemption rights

The 'E' ordinary shares have the following rights

- One vote per share
- Share equally in dividends with the 'A' and 'B' ordinary shares, once the 'A' and 'B' ordinary shares have received £1,000,000 per share
- Rights to capital are to receive back the issue price once the 'A' and 'B' ordinary shareholders have received £1,000,000 per share then a further £1 per share
- No redemption rights

**Notes to the financial statements
For the Year Ended 31 December 2017**

26. Reserves

Share premium account

The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

27. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	2017	2016
	£000	£000
Contracted for but not provided in these financial statements	-	165

28. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme.

The pension cost charge represents contributions payable by the company to the scheme and amounted to £99,000 (period ended 31 December 2016 - £63,000). An amount of £12,000 (2016 - £11,000) was outstanding at the year end and is included within creditors.

Notes to the financial statements
For the Year Ended 31 December 2017

29. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Land and buildings		
Not later than 1 year	-	225
Later than 1 year and not later than 5 years	-	900
Later than 5 years	-	1,812
	<u>-</u>	<u>2,937</u>
	2017 £000	2016 £000
Others		
Not later than 1 year	80	92
Later than 1 year and not later than 5 years	85	149
	<u>165</u>	<u>241</u>

**Notes to the financial statements
For the Year Ended 31 December 2017**

30. Related party transactions

During the year the company made purchases of goods of £122,835 from Polyplas Extrusions Limited, a subsidiary company (period ended 31 December 2016 - £48,357). At the balance sheet date £Nil (2016 - £2,423,436) was owed to Polyplas Extrusions Limited. Also during the year the company made sales of £202,885 (period ended 31 December 2016 - £93,528) to Polyplas Extrusions Limited.

During the year the company made purchases of goods of £204,425 from Delta Plastics Limited, a subsidiary company (period ended 31 December 2016 - £9,132). At the balance sheet date £Nil (2016 - £638,559) was owed to Delta Plastics Limited. Also during the year the company made sales of £325,607 (period ended 31 December 2016 - £272,825) to Delta Plastics Limited.

During the year the company loaned £Nil (period ended 31 December 2016 - £27,647) to Nenplas Properties Limited, a fellow subsidiary company, and paid expenses totalling £Nil (period ended 31 December 2016 - £3,000) on behalf of Nenplas Properties Limited. Interest is charged on the loan at 2.75% per annum. During the year, interest of £1,368 (period ended 31 December 2016 - £1,368) was charged and repayments of £587,276 (period ended 31 December 2016 - £46,368) were made. Also during the year the company made purchases of £188,818 (period ended 31 December 2016 - £136,807) from Nenplas Properties Limited. On 31 October 2017 the company acquired freehold property from Nenplas Properties Limited at its market value of £2,500,000 (period ended 31 December 2016 - £Nil). At the balance sheet date £Nil (2016 - £585,908) was due from Nenplas Properties Limited.

At the balance sheet date, £1 (2016 - £1) was due from Nenplas Properties Holdings Limited, a fellow subsidiary company.

At the balance sheet date, £Nil (2016 - £1,394,519) was due from Nenplas Holdings Limited.

During the year the company made sales of £39,604 (period ended 31 December 2016 - £Nil) to Surteco UK Ltd. At the balance sheet date, £7,994 (2016 - £Nil) was due from Surteco UK Ltd.

At the balance sheet date, £3,631,405 (2016 - £Nil) was due to Surteco Societas Europaea. Interest is charged on the loan at LIBOR + 1% per annum. During the year, interest of £14,432 (period ended 31 December 2016 - £Nil) was charged.

The key management personnel of the Company consist of the the directors. Directors' remuneration is disclosed in note 10.

31. Controlling party

The immediate parent company undertaking is Nenplas Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Surteco Societas Europaea, a company registered in Germany.

The smallest and largest group in which the company's results are consolidated is that headed by Surteco Societas Europaea, a company registered in Germany. The registered address of Surteco Societas Europaea, from which copies of the consolidated financial statements can be obtained, is: Johan-Viktor-Bausch-Str 2, D-86647, Buttenweissen-Pfaffenhofen, Germany.