

**MBA Polymers United Kingdom Limited**

**Annual report and financial statements**

**Registered number 6455767**

**31 December 2016**

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## Strategic Report

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

### Principal Activities

The principal activity of the company is the manufacture and supply of high quality sustainable polymers from complex post-consumer waste streams, in particular end of life vehicles. The Company offers a broad range of products with virgin quality specifications and reliability including ABS (acrylonitrile butadiene styrene), HIPS (high impact polystyrene), HDPE (high density polyethylene), PP (polypropylene) and Filled PP.

Our long term aim for the Company has been to turn Automotive Shredder Residue (ASR) back into auto components and 'close the loop' on the use of plastics in the car industry. We continue to work closely with automobile manufacturers and their suppliers to meet this aim.

### Financial and business review

The company's directors use the following KPIs to aid in understanding the development, performance and position of the business as reported in these financial statements:-

- Average selling price per tonne (ex-works)
- Yield (finished goods over feed of raw materials)
- Lab Yield (amount of target plastic in the feed as a percentage of all feed)
- Yield efficiency (finished goods over target plastic)

The company has considered both financial and non-financial measures in defining KPI's. The table below lists the key KPIs for the Company:

Year Ended	31 December 2016 £000	31 December 2015 £000	% Change
Turnover	7,281	10,628	(31%)
Gross Loss	(4,464)	(5,078)	12%
Gross loss margin percent	(61%)	(48%)	
Operating Loss	(5,641)	(6,808)	17%

The future outlook of the business is one of steady growth based on focusing on the quality of the product made and improving the yield. By improving the quality, the demand for the products at a higher selling price will be achieved. Continued focus on operating costs and elimination of waste will underpin that growth.

## Strategic Report (*continued*)

### Principal risks relating to the business

The Company seeks to limit adverse effects on its financial performance by monitoring and reviewing risks, taking appropriate actions and by adopting policies to mitigate risks. Given the size of the Company the directors have not delegated the responsibility of monitoring risk management to a sub-committee of the Board.

The Company's operations expose it to a variety of risks that include the effects of foreign exchange, changes in commodity and debt market prices, credit risk, liquidity risk and interest risk. In particular, the company is exposed to the following risks:

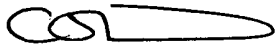
**Raw material supplies** - As the plant continues to increase its processing capacity, it becomes more critical to secure additional good sources of raw materials.

**Raw material prices** - As the company increases its sources of raw materials and expands its operations it is exposed to commodity price risk. The company looks to secure long term fixed price contracts where possible to secure both supply and price to mitigate this risk, as the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

**Credit risk** - The effects of credit risk are controlled as the company has implemented policies that require appropriate credit checks on potential customers before sales are made. All customers have credit limits and sales are only made outside these limits when appropriate procedures have been followed. The board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken. Credit insurance is also utilised where suitable.

**Liquidity risk** - In addition to their own bank accounts, the company can call upon additional support from its significant investors where necessary to ensure the company has sufficient available funds for operations and planned expansion.

On behalf of the board



C Sheppard

Director

11 September 2017

## **Directors' report**

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

### **Directors**

The directors who held office during the year were as follows:

David Ireland (resigned 22 February 2017)  
Christopher Sheppard  
Richard McCombs  
Anthony Marrett  
Richard Chambers  
Neil Stinson (appointed 22 February 2017)

The company maintained throughout the year and at the approval of the financial statements, liability insurance for its directors and officers.

### **Research and development**

There is no research and development expenditure.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2015: £nil).

### **Disabled Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year.

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



C Sheppard

Director

11 September 2017

Sandy Lane  
Worksop  
Nottinghamshire  
S80 3ET

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the strategic report, the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# KPMG

1 St Peter's Square  
Manchester  
M2 3AE

## **Independent auditor's report to the members of MBA Polymers United Kingdom Limited**

We have audited the financial statements of MBA Polymers United Kingdom Limited for the year ended 31 December 2016 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

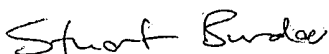
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **Matters on which we are required to report by exception**

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

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



**Stuart Burdass (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

14 September 2017


**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>7,281</b>	<b>10,628</b>
Cost of sales		(11,745)	(15,706)
<b>Gross loss</b>		<b>(4,464)</b>	<b>(5,078)</b>
Distribution costs		(443)	(424)
Administrative expenses		(734)	(1,306)
<b>Operating loss</b>		<b>(5,641)</b>	<b>(6,808)</b>
Other interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(77)	(852)
<b>Loss on ordinary activities before taxation</b>	<b>2-7</b>	<b>(5,718)</b>	<b>(7,659)</b>
Tax on loss on ordinary activities	8	205	455
<b>Loss for the financial year</b>		<b>(5,513)</b>	<b>(7,204)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(5,513)</b>	<b>(7,204)</b>

**Balance Sheet**  
*at 31 December 2016*

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	9	18,621	21,964
<b>Current assets</b>			
Stocks	10	1,442	1,707
Debtors (including £nil (2015: £nil) due after more than one year)	11	1,757	1,357
Cash at bank and in hand		108	430
<b>Creditors: amounts falling due within one year</b>	12	3,307 (13,059)	3,494 (9,909)
<b>Net current liabilities</b>		(9,572)	(6,414)
<b>Total assets less current liabilities</b>		8,869	15,550
<b>Creditors: amounts falling due after more than one year</b>	13	-	(1,083)
Other provisions	13	(263)	(349)
		(263)	(1,431)
<b>Net assets</b>		8,606	14,119
<b>Capital and reserves</b>			
Called up share capital	16	13,451	13,451
Share premium account	16	33,274	33,274
Profit and loss account		(38,119)	(32,606)
<b>Shareholders' funds</b>		8,606	14,119

These financial statements were approved by the board of directors on 11 September 2017 and were signed on its behalf by:



C Sheppard

Director

Company registered number: 6455767

## Statement of Changes in Equity

	Called up Share capital	Share Premium	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2015	12,961	-	(25,402)	(12,441)
<b>Total comprehensive income for the period</b>				
Loss	-	-	(7,204)	(7,204)
<b>Total comprehensive income for the period</b>	-	-	(7,204)	(7,204)
Transactions with owners, recorded directly in equity				
Issue of shares	490	33,274	-	33,764
Total contributions by and distributions to owners	490	33,274	-	33,764
<b>Balance at 31 December 2015</b>	<b>13,451</b>	<b>33,274</b>	<b>(32,606)</b>	<b>14,119</b>

## Statement of Changes in Equity

	Called up Share capital	Share Premium	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2016	13,451	33,274	(32,606)	14,119
<b>Total comprehensive income for the period</b>				
Loss	-	-	(5,513)	(5,513)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(5,513)	(5,513)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>13,451</b>	<b>33,274</b>	<b>(38,119)</b>	<b>8,606</b>
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## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

MBA Polymers United Kingdom Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £000.

The Company’s ultimate parent undertaking, Ausurus Group Ltd, includes the Company in its consolidated financial statements. The consolidated financial statements of Ausurus Group Ltd are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The Company’s business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report.

The financial statements have been prepared on the basis of the Company being a going concern, on the confirmation that the principal investor, Ausurus Group Ltd will continue to extend financial support for the Company to continue operations and to settle financial obligations as they arise. The board of directors are confident that the financial accommodation to meet the working capital requirements of the Company will be available at least for a period of twelve months from the date of the approval of the financial statements.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.5 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 33 years
- plant and equipment 5 to 10 years

## Notes (continued)

### 1 Accounting policies (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.7 Stocks

Finished goods are stated at the lower of cost and estimated selling price less costs to complete and sell. Raw materials are valued at purchase cost.

#### 1.8 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

#### 1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.10 Turnover

Turnover is measured at the fair value of consideration receivable by the Group for goods supplied and a service produced, excluding VAT and trade discounts.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Turnover

	2016 £000	2015 £000
Sale of goods	7,281	10,628
Total turnover	<u>7,281</u>	<u>10,628</u>
By geographical market		
EU Countries	7,281	10,628
	<u>7,281</u>	<u>10,628</u>

### 3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £000	2015 £000
Amortisation of deferred grant income	(85)	(85)
Operating lease charges	211	22
Depreciation	3,465	3,229
	<u></u>	<u></u>

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	<u>27</u>	<u>27</u>

### 4 Staff numbers and costs

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

	Number of employees	
	2016	2015
Production	82	106
Administration and selling	8	13
	<u>90</u>	<u>118</u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	2,363	3,039
Social security costs	227	275
Contributions to defined contribution plans	22	16
	<u>2,612</u>	<u>3,330</u>

### 5 Directors' remuneration

	2016 £000	2015 £000
Directors' remuneration	<u>101</u>	<u>50</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £101k (2015:£50k )

There are other directors of MBA Polymers UK Limited who are not remunerated for their role as director of MBA Polymers UK Limited. The remuneration of these directors is borne by the principal investors of the company; MBA Polymers Inc. and Ausurus Group Ltd.

### 6 Other interest receivable and similar income

	2016 £000	2015 £000
Interest received	-	1
Total interest receivable and similar income	<u>-</u>	<u>1</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on loans from related parties	-	245
Interest payable on loans from group undertakings	13	191
Interest payable on bank loans and overdrafts	28	371
Foreign exchange loss	36	45
	<hr/>	<hr/>
Total other interest payable and similar charges	77	852
	<hr/>	<hr/>

### 8 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	2015 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods in relation to R&D tax credits	205	455
	<hr/>	<hr/>
Total current tax	205	455
	<hr/>	<hr/>
Total tax	205	455
	<hr/>	<hr/>

	£000	2016 £000	£000	£000	2015 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	205	-	205	455	-	455
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	205	-	205	455	-	455
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
Loss for the year	(5,513)	(7,204)
Total tax credit	205	455
	<hr/>	<hr/>
Profit excluding taxation	(5,718)	(7,660)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.0% (2015 : 21.5%)	(1,144)	(1,418)
Non-deductible expenses	-	40
Current year losses for which no deferred tax asset was recognised	1,144	1,378
Adjustments in respect of prior periods in relation to R&D tax credits	205	455
	<hr/>	<hr/>
Total tax credit included in loss	205	455
	<hr/>	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

	<b>Land and buildings £000</b>	<b>Plant and Equipment £000</b>	<b>Under construction £000</b>	<b>Total £000</b>
<b>Cost</b>				
Balance at 1 January 2016	3,849	32,480	11	36,340
Additions	-	122	-	122
Transfers	-	11	(11)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	3,849	32,613	-	36,462
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>				
Balance at 1 January 2016	481	13,895	-	14,376
Depreciation charge for the year	97	3,368	-	3,465
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	578	17,263	-	17,841
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 January 2016	3,368	18,585	11	21,964
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	3,271	15,350	-	18,621
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10 Stocks

	2016	2015
	£000	£000
Raw materials and consumables	1,162	1,170
Finished goods	280	537
	<u>1,442</u>	<u>1,707</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £2,164k (2015: £3,950k). The write-down of stocks to net realisable value amounted to £nil (2015: £364k).

### 11 Debtors

	2016	2015
	£000	£000
Trade debtors	1,291	1,065
Amounts owed by related parties	9	51
Other debtors	23	117
Prepayments and accrued income	179	123
Amounts owed by group undertakings	50	1
Corporation tax	205	-
	<u>1,757</u>	<u>1,357</u>
Due within one year	1,757	1,357
Due after more than one year	-	-
	<u>1,757</u>	<u>1,357</u>

### 12 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Bank loans and overdrafts (see note 14)	-	8,345
Trade creditors	493	949
Amounts owed to group undertakings	11,868	27
Amounts owed to related parties	5	19
Taxation and social security	66	40
Deferred income	85	85
Other creditors	542	444
	<u>13,059</u>	<u>9,909</u>

## Notes (continued)

### 13 Creditors: amounts falling after more than one year

	2016 £000	2015 £000
Bank loans and overdrafts (see note 14)	-	-
Amounts owed to group undertakings	-	1,083
Deferred income	263	348
	<u>263</u>	<u>1,431</u>

Deferred income relates to grant monies received and amortised over a 10 year period

### 14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £000	2015 £000
<b>Creditors falling due more than one year</b>		
Secured bank loans	-	-
	<u>-</u>	<u>-</u>
<b>Creditors falling due within less than one year</b>		
Secured bank loans	-	8,300
Overdraft	-	45
	<u>-</u>	<u>8,345</u>

On 29 January 2016, the Company repaid the secured bank loan in full. The company no longer has an overdraft facility and the amount was cleared on 4 January 2016.

## Notes (continued)

### 15 Deferred tax assets and liabilities

The Company has unrecognised gross tax losses of £25,992,197 (2015: £4,021). These are not recognised due to the uncertainty over timings of when the losses will be utilised.

### 16 Capital and reserves

#### Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
14,920,000 A Ordinary shares of £0.01 each	149	149
47,029,884 B Ordinary shares of £0.01 each	470	470
834,075,000 Deferred A shares of £0.01 each	8,341	8,341
449,068,950 Deferred B shares of £0.01 each	4,491	4,491
	<hr/> 13,451	<hr/> 13,451
<i>Share Premium Account</i>		
Balance brought forward	33,274	-
Additions in the year	-	33,274
	<hr/> 33,274	<hr/> 33,274
Balance to carry forward	<hr/> 33,274	<hr/> 33,274

A and B deferred shares do not carry any entitlement to any participation in the profits or assets of the company save that on a return of capital the holders thereof are entitled to the payment of the sum of £1 in aggregate after each of the holders of the A ordinary shares and B ordinary shares have received the sum of £1m each.

### 17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	<hr/> -	<hr/> -
	<hr/> -	<hr/> -

During the year £211k was recognised as an expense in the profit and loss account in respect of operating leases (2015: £22k).

### 18 Commitments

#### Capital commitments

The Company's contractual commitments to purchase tangible fixed assets at the year-end were £nil (2015: £81k).

## Notes (continued)

### 19 Related parties

*Identity of related parties with which the Company has transacted*

*Other related party transactions*

	Sales		Administrative expenses incurred	
	2016 £000	2015 £000	2016 £000	2015 £000
Entities with control, joint control or significant influence	2	-	8	1,268
Other related parties	177	232	389	471
	<u>179</u>	<u>232</u>	<u>397</u>	<u>1,739</u>
	Debtors outstanding 2016 £000	2015 £000	Creditors outstanding 2016 £000	2015 £000
Entities with control, joint control or significant influence	-	1	-	1,110
Other related parties	25	51	61	19
	<u>25</u>	<u>52</u>	<u>61</u>	<u>1,129</u>

### 20 Ultimate parent company and parent company of larger group

At the year end, the Company was a subsidiary undertaking of Invenens Limited. The ultimate controlling party is Ausurus Group Ltd.

The largest and only group in which the results of the Company are consolidated is that headed by Ausurus Group Ltd incorporated in England. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

### 21 Accounting estimates and judgements

*Key sources of estimation uncertainty*

The company has undertaken an asset impairment calculation in relation to carrying value of tangible fixed assets, the result of which showed that no impairment was required