

Registration number: 07661309

Melba Products Holdings Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2017

Thompson Jones Business Solutions Limited
Registered Auditors & Chartered Accountants
2 Heap Bridge
Bury
Lancashire
BL9 7HR

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Melba Products Holdings Ltd

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Melba Products Holdings Ltd

Company Information

Directors L Hey
J G Dawson
P L Harrison

Company secretary P L Harrison

Registered office Derby Works
Manchester Road
Bury
Lancashire
NL9 9NX

Auditors Thompson Jones Business Solutions Limited
Registered Auditors & Chartered Accountants
2 Heap Bridge
Bury
Lancashire
BL9 7HR

Melba Products Holdings Ltd

Strategic Report for the Year Ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Principal activity

The principal activity of the company is that of a holding company and of the group is the manufacture of plastic traffic management products comprising mainly barriers, cones, temporary signs and speed ramps.

Fair review of the business

The Group have experienced a 27% increase in sales and 53% increase in pre tax profits.

On 3 May 2016 the entire share capital of the company was acquired as part of a capital reorganisation.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Cash inflow before financing	£m	1.47	1.40
EBITDA	£m	3.08	2.34
Return on Capital Employed	%	18.79	13.57

Principal risks and uncertainties

The Company and the group considers the principal risks to its financial performance to be increased raw material prices from suppliers and a general downturn in construction work by utility companies and civil engineering contractors. The Company and the group has limited exposure to foreign currencies and generally contracts forward to mitigate the sudden movement in exchange rates.

The business's principal financial instruments comprise bank facilities and import loans, trade debtors and creditors and finance lease agreements. The main purpose of these instruments is to finance the continuing business operations.

Liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at competitive floating rates of interest. Loans from financial institutions have fixed interest rates and monthly repayments. The business manages liquidity risk in this respect and in respect of finance leased assets by ensuring that there are sufficient funds available to meet amounts due.

Trade debtors are managed in respect of both credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding in respect of ageing and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debts.

Approved by the Board on 22 August 2017 and signed on its behalf by:



P L Harrison
Director

Melba Products Holdings Ltd

Directors' Report for the Year Ended 31 March 2017

The directors present their report and the for the year ended 31 March 2017.

Directors of the group

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

L Hey

J G Dawson

P L Harrison

M B Dawson (Resigned 3 May 2016)

The directors do not recommend the payment of any dividends.

Future developments

The Company and group will continue its policy of rolling out new products in the forthcoming year. This will enable the Company and group to keep ahead of competitors in the traffic management sector. Further major cost reductions have been identified which the directors will be implementing to take advantage of the upturn in its business.

Research and development

The Company and group will continue its policy of investment in research and development in order to retain a competitive position in the market.

Disclosure of information to the auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 22 August 2017 and signed on its behalf by:



.....
P L Harrison
Director

Melba Products Holdings Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

Melba Products Holdings Ltd

Independent Auditor's Report to the Members of Melba Products Holdings Ltd

We have audited the financial statements of Melba Products Holdings Ltd for the year ended 31 March 2017, set out on pages 7 to 31. 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).

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 Statement of Directors' Responsibilities (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 (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 March 2017 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, based on the work undertaken in the course of the audit:

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

Melba Products Holdings Ltd

Independent Auditor's Report to the Members of Melba Products Holdings Ltd

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



.....
Peter D. Carlin (Senior Statutory Auditor)

For and on behalf of Thompson Jones Business Solutions Limited, Statutory Auditor

2 Heap Bridge
Bury
Lancashire
BL9 7HR

22 August 2017

Melba Products Holdings Ltd

Consolidated Profit and Loss Account for the Year Ended 31 March 2017

	Note	Total 31 March 2017 £	Total 31 March 2016 £
Turnover	3	15,846,029	12,437,752
Cost of sales		<u>(8,480,543)</u>	<u>(6,376,257)</u>
Gross profit		7,365,486	6,061,495
Administrative expenses		<u>(5,228,620)</u>	<u>(4,646,547)</u>
Operating profit	5	<u>2,136,866</u>	<u>1,414,948</u>
Income from other fixed asset investments		-	16
Interest payable and similar expenses	6	<u>(192,175)</u>	<u>(216,504)</u>
		<u>(192,175)</u>	<u>(216,488)</u>
Profit before tax		1,944,691	1,198,460
Taxation	10	<u>(456,282)</u>	<u>(121,546)</u>
Profit for the financial year		<u>1,488,409</u>	<u>1,076,914</u>
Profit/(loss) attributable to:			
Owners of the company		<u>1,488,409</u>	<u>1,076,914</u>

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 31 form an integral part of these financial statements.

Melba Products Holdings Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2017

	Note	2017 £	2016 £
Profit for the year		<u>1,488,409</u>	<u>1,076,914</u>
Total comprehensive income for the year		<u>1,488,409</u>	<u>1,076,914</u>
Total comprehensive income attributable to:			
Owners of the company		<u>1,488,409</u>	<u>1,076,914</u>

Melba Products Holdings Ltd
(Registration number: 07661309)
Consolidated Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	3,005,842	3,214,783
Tangible assets	12	<u>6,500,742</u>	<u>6,395,963</u>
		<u>9,506,584</u>	<u>9,610,746</u>
Current assets			
Stocks	14	1,770,529	1,933,945
Debtors	15	4,678,201	3,613,947
Cash at bank and in hand		<u>2,137,456</u>	<u>1,371,479</u>
		8,586,186	6,919,371
Creditors: Amounts falling due within one year	17	<u>(6,744,420)</u>	<u>(6,101,070)</u>
Net current assets		<u>1,841,766</u>	<u>818,301</u>
Total assets less current liabilities		11,348,350	10,429,047
Creditors: Amounts falling due after more than one year	17	(1,000,088)	(1,689,457)
Provisions for liabilities		<u>(726,270)</u>	<u>(633,005)</u>
Net assets		<u>9,621,992</u>	<u>8,106,585</u>
Capital and reserves			
Called up share capital	19	11,523	11,223
Share premium reserve	20	26,700	-
Other reserves	20	4,988,332	4,988,332
Profit and loss account	20	<u>4,595,437</u>	<u>3,107,030</u>
Equity attributable to owners of the company		<u>9,621,992</u>	<u>8,106,585</u>
Total equity		<u>9,621,992</u>	<u>8,106,585</u>

Approved and authorised by the Board on 22 August 2017 and signed on its behalf by:



.....
P L Harrison
Director

Melba Products Holdings Ltd
(Registration number: 07661309)
Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	13	7,544,743	7,544,743
Current assets			
Debtors	15	57,833	30,834
Creditors: Amounts falling due within one year	17	<u>(370,542)</u>	<u>(1,058,574)</u>
Net current liabilities		<u>(312,709)</u>	<u>(1,027,740)</u>
Total assets less current liabilities		7,232,034	6,517,003
Creditors: Amounts falling due after more than one year	17	<u>(444,675)</u>	<u>(686,691)</u>
Net assets		<u><u>6,787,359</u></u>	<u><u>5,830,312</u></u>
Capital and reserves			
Called up share capital		11,523	11,223
Share premium reserve		26,700	-
Other reserves		4,988,332	4,988,332
Profit and loss account		<u>1,760,804</u>	<u>830,757</u>
Total equity		<u><u>6,787,359</u></u>	<u><u>5,830,312</u></u>

The company made a profit after tax for the financial year of £930,049 (2016 - profit of £361,611).

Approved and authorised by the Board on 22 August 2017 and signed on its behalf by:



P L Harrison
Director

Melba Products Holdings Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2017
Equity attributable to the parent company

	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £	Total equity £
At 1 April 2016	11,223	-	4,988,332	3,107,028	8,106,583	8,106,583
Profit for the year	-	-	-	1,488,409	1,488,409	1,488,409
Total comprehensive income	-	-	-	1,488,409	1,488,409	1,488,409
New share capital subscribed	300	26,700	-	-	27,000	27,000
At 31 March 2017	11,523	26,700	4,988,332	4,595,437	9,621,992	9,621,992
	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £	Total equity £
At 1 April 2015	11,223	-	4,988,332	2,030,116	7,029,671	7,029,671
Profit for the year	-	-	-	1,076,914	1,076,914	1,076,914
Total comprehensive income	-	-	-	1,076,914	1,076,914	1,076,914
At 31 March 2016	11,223	-	4,988,332	3,107,030	8,106,585	8,106,585

The notes on pages 14 to 31 form an integral part of these financial statements.
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Melba Products Holdings Ltd

Statement of Changes in Equity for the Year Ended 31 March 2017

	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £
At 1 April 2016	11,223	-	4,988,332	830,757	5,830,312
Profit for the year	-	-	-	930,047	930,049
Total comprehensive income	-	-	-	930,047	930,047
New share capital subscribed	300	26,700	-	-	27,000
At 31 March 2017	11,523	26,700	4,988,332	1,760,804	6,787,359
	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £
At 1 April 2015	11,223	-	4,988,332	469,146	5,468,701
Profit for the year	-	-	-	361,611	361,611
Total comprehensive income	-	-	-	361,611	361,611
At 31 March 2016	11,223	-	4,988,332	830,757	5,830,312

Melba Products Holdings Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		1,488,409	1,076,914
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	947,485	922,362
(Profit)/loss on disposal of tangible assets	4	(1,786)	50
Finance income		-	(16)
Finance costs	6	192,175	216,504
Income tax expense	10	456,282	121,546
		<u>3,082,565</u>	<u>2,337,360</u>
Working capital adjustments			
Decrease/(increase) in stocks	14	163,416	(97,138)
(Increase)/decrease in trade debtors	15	(1,064,254)	481,489
Increase/(decrease) in trade creditors	17	247,837	(425,548)
Increase in deferred income, including government grants		<u>97,000</u>	<u>-</u>
Cash generated from operations		2,526,564	2,296,163
Income taxes paid	10	<u>(208,509)</u>	<u>(234,572)</u>
Net cash flow from operating activities		<u>2,318,055</u>	<u>2,061,591</u>
Cash flows from investing activities			
Interest received		-	16
Acquisitions of tangible assets		(859,939)	(832,937)
Proceeds from sale of tangible assets		<u>18,400</u>	<u>-</u>
Net cash flows from investing activities		<u>(841,539)</u>	<u>(832,921)</u>
Cash flows from financing activities			
Interest paid	6	(192,175)	(216,504)
Proceeds from issue of ordinary shares, net of issue costs		27,000	-
Repayment of other loans		(260,412)	(216,286)
Repayment of/new loans		175,931	(200,936)
Repayments of/new finance leases		(530,437)	(555,092)
Movement on invoice discounting		<u>69,554</u>	<u>(125,371)</u>
Net cash flows from financing activities		<u>(710,539)</u>	<u>(1,314,189)</u>
Net increase/(decrease) in cash and cash equivalents		765,977	(85,519)
Cash and cash equivalents at 1 April		<u>1,371,479</u>	<u>1,456,998</u>
Cash and cash equivalents at 31 March		<u><u>2,137,456</u></u>	<u><u>1,371,479</u></u>

The notes on pages 14 to 31 form an integral part of these financial statements.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

1 General information

The company is a private company limited by share capital incorporated in England & Wales.

The address of its registered office is:

Derby Works
Manchester Road
Bury
Lancashire
NL9 9NX

These financial statements were authorised for issue by the Board on 22 August 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent Company would be identical;
- No cash flow statement has been presented for the parent Company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2017.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £930,049 (2016 - profit of £361,611).

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Judgements

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

Finance income and costs policy

Finance costs are charged to the consolidated statement of comprehensive income 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.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a change 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 reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the consolidated statement of financial position date.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

Asset class	Depreciation method and rate
Plant and machinery	6.67%
Motor vehicles	25% on net book value
Fixtures and fittings	10-25% on net book value

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

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 the Group's share 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 income statement over its useful economic life.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	20 years straight line

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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

Leases

Assets obtained under hire purchase contracts 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.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Financial instruments

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Research and development

Research and development costs are expensed to the statement of comprehensive income in the period in which they are incurred.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

3 Revenue

The whole of the turnover is attributable to manufacture of plastic traffic management products comprising mainly barriers, cones, temporary signs and speed ramps.

The analysis of the group's turnover for the year by market is as follows:

	2017 £	2016 £
UK	13,769,785	10,677,299
Rest of world	<u>2,076,244</u>	<u>1,760,453</u>
	<u>15,846,029</u>	<u>12,437,752</u>

4 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2017 £	2016 £
Gain (loss) on disposal of property, plant and equipment	<u>1,786</u>	<u>(50)</u>

5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	738,544	713,421
Amortisation expense	208,941	208,941
Research and development cost	53,574	58,175
Foreign exchange gains	(7,285)	(51,556)
Operating lease expense - plant and machinery	28,400	3,740
(Profit)/loss on disposal of property, plant and equipment	<u>(1,786)</u>	<u>50</u>

6 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	50,780	59,298
Interest on obligations under finance leases and hire purchase contracts	81,190	75,403
Interest expense on other finance liabilities	27,331	36,931
Factoring interest	<u>32,874</u>	<u>44,872</u>
	<u>192,175</u>	<u>216,504</u>

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	3,786,538	3,226,512
Social security costs	349,296	297,190
Pension costs, defined contribution scheme	85,627	92,937
	<u>4,221,461</u>	<u>3,616,639</u>

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

	2017 No.	2016 No.
Production	120	110
Administration and support	20	17
Management	4	4
	<u>144</u>	<u>131</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	324,678	317,055
Contributions paid to money purchase schemes	44,845	57,158
Sums paid to third parties for directors' services	-	78,776
	<u>369,523</u>	<u>452,989</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Exercised share options	2	-
Accruing benefits under money purchase pension scheme	3	4

In respect of the highest paid director:

	2017 £	2016 £
Remuneration	133,495	107,626
Company contributions to money purchase pension schemes	17,658	17,658

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

9 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	<u>18,200</u>	<u>18,000</u>

10 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	344,565	140,057
UK corporation tax adjustment to prior periods	<u>18,452</u>	<u>(15,485)</u>
	<u>363,017</u>	<u>124,572</u>
Deferred taxation		
Arising from origination and reversal of timing differences	18,621	61,300
Arising from changes in tax rates and laws	-	(64,326)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>74,644</u>	<u>-</u>
Total deferred taxation	<u>93,265</u>	<u>(3,026)</u>
Tax expense in the income statement	<u>456,282</u>	<u>121,546</u>

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>1,944,691</u>	<u>1,198,460</u>
Corporation tax at standard rate	388,938	239,692
Effect of expense not deductible in determining taxable profit (tax loss)	450	17,719
Increase/(decrease) from tax losses for which no deferred tax asset was recognised	18,621	(3,026)
Deferred tax expense from unrecognised temporary difference from a prior period	74,644	-
Increase/(decrease) in UK and foreign current tax from adjustment for prior periods	18,452	(15,485)
Tax increase/(decrease) from effect of capital allowances and depreciation	27,091	(59,756)
Tax decrease arising from group relief	(5,122)	-
Tax decrease from effect of adjustment in research and development tax credit	(66,848)	(58,452)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>56</u>	<u>854</u>
Total tax charge	<u>456,282</u>	<u>121,546</u>
Deferred tax		

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

11 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 April 2016	<u>4,178,813</u>	<u>4,178,813</u>
At 31 March 2017	<u>4,178,813</u>	<u>4,178,813</u>
Amortisation		
At 1 April 2016	964,030	964,030
Amortisation charge	<u>208,941</u>	<u>208,941</u>
At 31 March 2017	<u>1,172,971</u>	<u>1,172,971</u>
Carrying amount		
At 31 March 2017	<u>3,005,842</u>	<u>3,005,842</u>
At 31 March 2016	<u>3,214,783</u>	<u>3,214,783</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is £53,573 (2016 - £58,175).

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

12 Tangible assets

Group

	Furniture, fittings and equipment £	Motor vehicles £	Properties under construction £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 April 2016	236,185	114,793	-	16,241,355	16,592,333
Additions	-	23,385	109,695	726,859	859,939
Disposals	-	(44,870)	-	-	(44,870)
At 31 March 2017	<u>236,185</u>	<u>93,308</u>	<u>109,695</u>	<u>16,968,214</u>	<u>17,407,402</u>
Depreciation					
At 1 April 2016	173,354	39,194	-	9,983,823	10,196,371
Charge for the year	12,460	30,375	-	695,710	738,545
Eliminated on disposal	-	(28,256)	-	-	(28,256)
At 31 March 2017	<u>185,814</u>	<u>41,313</u>	<u>-</u>	<u>10,679,533</u>	<u>10,906,660</u>
Carrying amount					
At 31 March 2017	<u>50,371</u>	<u>51,995</u>	<u>109,695</u>	<u>6,288,681</u>	<u>6,500,742</u>
At 31 March 2016	<u>62,831</u>	<u>75,599</u>	<u>-</u>	<u>6,257,533</u>	<u>6,395,963</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Plant and machinery	1,866,732	2,338,722
Motor vehicles	13,455	59,103
	<u>1,880,187</u>	<u>2,397,825</u>

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

13 Investments

Company

	2017 £	2016 £
Investments in subsidiaries	<u>7,544,743</u>	<u>7,544,743</u>

Subsidiaries

Cost or valuation

At 1 April 2016

£

7,544,743

Provision

Carrying amount

At 31 March 2017

7,544,743

At 31 March 2016

7,544,743

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Melba Products Limited	UK	Ordinary	100%	100%
Swintex Limited		Ordinary	100%	100%
	UK			
Levelkeen Limited	UK	Ordinary	100%	100%

The principal activity of Melba Products Limited is Manufacture of plastic traffic management products comprising mainly barriers, cones, temporary signs and speed ramps

The principal activity of Swintex Limited is Non trading

The principal activity of Levelkeen Limited is Non trading

The profit for the financial period of Melba Products Limited was £1,724,317 and the aggregate amount of capital and reserves at the end of the period was £7,373,432.

Melba Products Holdings Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2017

14 Stocks

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Raw materials and consumables	941,263	749,471	-	-
Work in progress	364,388	358,977	-	-
Finished goods and goods for resale	464,878	825,497	-	-
	<u>1,770,529</u>	<u>1,933,945</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15 Debtors

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
Trade debtors		3,642,966	3,508,147	-	30,834
Amounts owed by related parties	23	332,179	-	57,833	-
Prepayments		<u>703,056</u>	<u>105,800</u>	<u>-</u>	<u>-</u>
Total current trade and other debtors		<u>4,678,201</u>	<u>3,613,947</u>	<u>57,833</u>	<u>30,834</u>

16 Cash and cash equivalents

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cash on hand	92	248,240	-	-
Cash at bank	2,137,320	1,123,195	-	-
Short-term deposits	<u>44</u>	<u>44</u>	<u>-</u>	<u>-</u>
	<u>2,137,456</u>	<u>1,371,479</u>	<u>-</u>	<u>-</u>

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

17 Creditors

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
Due within one year					
Loans and borrowings	21	3,971,567	3,827,562	242,017	242,015
Trade creditors		1,599,977	1,481,004	-	-
Amounts due to related parties	23	-	-	101,558	779,627
Social security and other taxes		490,544	320,653	-	-
Accrued expenses		340,824	381,851	26,967	36,932
Income tax liability	10	244,508	90,000	-	-
Deferred income		97,000	-	-	-
		<u>6,744,420</u>	<u>6,101,070</u>	<u>370,542</u>	<u>1,058,574</u>
Due after one year					
Loans and borrowings	21	<u>1,000,088</u>	<u>1,689,457</u>	<u>444,675</u>	<u>686,691</u>

The company has a debenture with HSBC Bank plc covering all the fixed and floating assets and liabilities of the business.

Amounts due in respect of obligations under finance leases and hire purchase contracts are secured on the assets concerned.

Factored debts are secured on trade debtors of the group.

Other loans related to a loan due for repayment in September 2020. Interest is charged annually at 3% above the base rate.

Included in other loans are amounts due within 1 year of £242,016 (2016 - £242,016) which are secured by a debenture dated 25 August 2011.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

18 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £85,627 (2016 - £92,937).

19 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>11,523</u>	<u>11,523</u>	<u>11,223</u>	<u>11,223</u>

New shares allotted

During the year 300 Ordinary shares having an aggregate nominal value of £300 were allotted for an aggregate consideration of £27,000 on the exercise of share options by two of the directors.

20 Reserves

The Groups reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Merger reserve

Merger reserve arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Retained earnings

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

21 Loans and borrowings

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Non-current loans and borrowings				
Finance lease liabilities	555,413	984,369	-	-
Other borrowings	444,675	705,088	444,675	686,691
	<u>1,000,088</u>	<u>1,689,457</u>	<u>444,675</u>	<u>686,691</u>

Included in other loans are amounts greater than 1 year of £444,675 (2016 - £686,691) which are secured by a debenture dated 25 August 2011.

Other loans relate to a loan due for repayment in September 2020. At the year end there are 54 loan repayments outstanding. Interest is charged annually at 3% above the base rate.

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Current loans and borrowings				
Bank borrowings	325,990	150,058	-	-
Finance lease liabilities	424,857	526,340	-	-
Other borrowings	3,220,720	3,151,164	242,017	242,015
	<u>3,971,567</u>	<u>3,827,562</u>	<u>242,017</u>	<u>242,015</u>

22 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	424,856	526,340
Later than one year and not later than five years	555,413	984,369
	<u>980,269</u>	<u>1,510,709</u>

Amounts due in respect of obligations under finance leases and hire purchase contracts are secured on the assets concerned.

Melba Products Holdings Ltd

Notes to the Financial Statements for the Year Ended 31 March 2017

23 Related party transactions

During its financial year Melba Products Limited was invoiced £5,025 (2016 - £78,776) from Turton Wines Limited as consultancy fees. Turton Wines Limited is owned by M B Dawson, a former shareholder and former director of both Melba Products Limited and Melba Products Holdings Limited. At the year end, Melba Products Limited owed £5,025 (2016 - £22,676) to Turton Wines Limited.

At the 31 March 2017 Melba Products Limited owed £100 (2016 - £100) to Swintex Limited, a subsidiary of the company.

During the year Melba Products Limited made sales of £Nil (2016 - £49,200) to North West Recyclers Limited, a company under common directorship. At 31 March 2017 North West Recyclers Limited owed £Nil (2016 - £9,840) to Melba Products Limited.

During the year North West Recyclers Limited invoiced £4,549 (2016 - £105,971) to Melba Products Limited and North West Recyclers Limited were due £Nil (2016 - £668,144) from Melba Products Limited as at 31 March 2017.

During the year dividends of £957,017 (2016 - £398,537) were paid to Melba Products Holdings Limited, the parent company of Melba Products Limited. At the 31 March 2017 Melba Products Holdings Limited owed £101,558 (2016 - £779,627).

Melba Group is the ultimate parent company of Melba Products Limited. At the 31 March 2017 Melba Group Limited owed £274,246 to Melba Products Limited and £57,833 to Melba Products Holdings Limited.

During the year Melba Products Limited paid £90,000 in rent (2016 - £90,000) to a pension scheme of which L Hey, M B Dawson and J G Dawson are beneficiaries.

24 Parent and ultimate parent undertaking

During the year 100% of the share capital of Melba Products Holdings Limited was purchased by Melba Group Limited.

The company's immediate parent is Melba Group Limited, incorporated in England & Wales.

These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.