

Financial Statements

Pontrilas Packaging Limited

For the year ended 31 July 2015



Registered number: 02379869

Company Information

Directors

J J S Hickman
V S Hickman
J J Poynton
D Turner
E B Hilton

Registered number

02379869

Registered office

Trosersch Road
Llangennech
Llanelli
SA14 8DZ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
11/13 Penhill Road
Cardiff
South Glamorgan
CF11 9UP

Bankers

Lloyds Bank plc
6-8 High Town
Hereford
HR21 2AE

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Strategic Report

For the year ended 31 July 2015

Business review

The principal activity of the company has continued to be the manufacture and supply of packing materials.

Earnings before interest, tax, depreciation and amortisation were £433,814 (2014 - £390,587)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk

The company manages its cash and borrowing requirements centrally in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at variable rates. The company maintains debt both at a fixed rate and at a base rate plus a margin. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no significant exposure to equity securities price risk as it holds no listed equity investments.

Pontrilas Packaging Limited

Strategic Report (continued)

For the year ended 31 July 2015



E B Hilton
Director

This report was approved by the board on **26 FEBRUARY 2016** and signed on its behalf.

Directors' Report

For the year ended 31 July 2015

The directors present their report and the audited financial statements for the year ended 31 July 2015.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Principal activities

The principal activity of the company is the manufacturing and supply of packaging materials

Directors

The directors who served during the year were:

J J S Hickman
V S Hickman
J J Poynton
D Turner
E B Hilton

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Pontrilas Packaging Limited

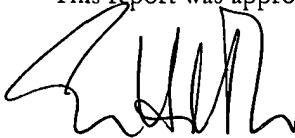
Directors' Report

For the year ended 31 July 2015

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 FEBRUARY 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'E B Hilton', written over a horizontal line.

E B Hilton
Director

Independent Auditor's Report to the Member of Pontrilas Packaging Limited

We have audited the financial statements of Pontrilas Packaging Limited for the year ended 31 July 2015, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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.

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 July 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Member of Pontrilas Packaging Limited

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.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP".

Rhian Owen (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Cardiff

Date: 26 FEBRUARY 2016

Profit and Loss Account

For the year ended 31 July 2015

	Note	2015 £	2014 £
Turnover	2	17,162,272	15,826,704
Cost of sales		<u>(15,244,773)</u>	<u>(14,012,653)</u>
Gross profit		1,917,499	1,814,051
Administrative expenses		(1,623,010)	(1,609,899)
Other operating income	3	<u>41,980</u>	<u>41,388</u>
Operating profit	4	336,469	245,540
Exceptional items			
Net loss on dissolved subsidiary	9	<u>(22,400)</u>	<u>-</u>
Profit on ordinary activities before interest		314,069	245,540
Interest payable and similar charges	8	<u>(7,244)</u>	<u>(20,658)</u>
Profit on ordinary activities before taxation		306,825	224,882
Tax on profit on ordinary activities	10	<u>(58,763)</u>	<u>(59,792)</u>
Profit for the financial year	18	<u>248,062</u>	<u>165,090</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

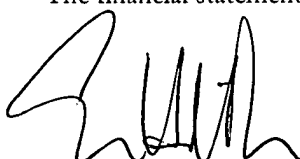
Balance Sheet

As at 31 July 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	11		1,080,550		399,773
Investments			-		22,502
			<u>1,080,550</u>		<u>422,275</u>
Current assets					
Stocks	12	1,801,915		1,606,779	
Debtors	13	5,316,670		5,512,575	
Cash at bank		400,743		2,291	
		<u>7,519,328</u>		<u>7,121,645</u>	
Creditors: amounts falling due within one year	14	<u>(7,600,721)</u>		<u>(6,793,022)</u>	
Net current (liabilities)/assets			<u>(81,393)</u>		<u>328,623</u>
Total assets less current liabilities			<u>999,157</u>		<u>750,898</u>
Creditors: amounts falling due after more than one year	15		-		(21,497)
Provisions for liabilities					
Deferred tax	16		<u>(21,694)</u>		<u>-</u>
Net assets			<u><u>977,463</u></u>		<u><u>729,401</u></u>
Capital and reserves					
Called up share capital	17		100,104		100,104
Profit and loss account	18		<u>877,359</u>		<u>629,297</u>
Shareholders' funds	19		<u><u>977,463</u></u>		<u><u>729,401</u></u>

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

26 FEBRUARY 2016



E B Hilton
Director

The notes on pages 9 to 17 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 July 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land & buildings	-	10% straight line
Plant & machinery	-	10-33% straight line
Fixtures, fittings & computer equipment	-	10-33% straight line

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Leasing and hire purchase

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.

1.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the Financial Statements

For the year ended 31 July 2015

1. Accounting Policies (continued)

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Pensions

The company operates a defined benefits pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

All turnover arose within the United Kingdom.

3. Other operating income

	2015	2014
	£	£
Other operating income	<u>41,980</u>	<u>41,388</u>

Notes to the Financial Statements

For the year ended 31 July 2015

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	91,174	116,476
- held under finance leases	28,571	28,571
Operating lease rentals:		
- plant and machinery	105,132	94,075
- other operating leases	346,432	346,432
	<u> </u>	<u> </u>

5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	9,000	12,000
	<u> </u>	<u> </u>

6. Staff costs

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

	2015 £	2014 £
Wages and salaries	1,709,732	1,466,681
Social security costs	142,290	131,999
Other pension costs	19,568	941
	<u> </u>	<u> </u>
	<u>1,871,590</u>	<u>1,599,621</u>

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

	2015 No.	2014 No.
Management and Administration	4	4
Production and Selling	66	60
	<u> </u>	<u> </u>
	<u>70</u>	<u>64</u>

Notes to the Financial Statements

For the year ended 31 July 2015

7. Directors' remuneration

	2015	2014
	£	£
Remuneration	102,694	90,218

8. Interest payable

	2015	2014
	£	£
On finance leases and hire purchase contracts	1,731	3,967
Other interest payable	5,513	16,691
	7,244	20,658

9. Exceptional items

	2015	2014
	£	£
Exceptional item - elimination of Copeplan Limited	22,400	-

Copeplan Limited was dissolved on 5 May 2015.

10. Taxation

	2015	2014
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	51,000	63,000
Adjustments in respect of prior periods	(13,931)	(42)
Total current tax	37,069	62,958
Deferred tax (see note 16)		
Origination and reversal of timing differences	21,694	(3,166)
Tax on profit on ordinary activities	58,763	59,792

Notes to the Financial Statements

For the year ended 31 July 2015

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.67% (2014 - 22.33%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	306,825	224,882
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.67% (2014 - 22.33%)	63,421	50,216
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,010	1,037
Capital allowances for year in excess of depreciation	(18,577)	11,732
Non-qualifying depreciation	720	778
Adjustments to tax charge in respect of prior periods	(13,931)	(42)
Other timing differences leading to an increase (decrease) in taxation	642	(225)
Marginal relief	(216)	(538)
Current tax charge for the year (see note above)	37,069	62,958

11. Tangible fixed assets

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 August 2014	74,850	2,310,201	103,755	2,488,806
Additions	-	799,608	914	800,522
At 31 July 2015	74,850	3,109,809	104,669	3,289,328
Depreciation				
At 1 August 2014	36,240	1,949,986	102,807	2,089,033
Charge for the year	7,485	110,398	1,862	119,745
At 31 July 2015	43,725	2,060,384	104,669	2,208,778
Net book value				
At 31 July 2015	31,125	1,049,425	-	1,080,550
At 31 July 2014	38,610	360,215	948	399,773

Notes to the Financial Statements

For the year ended 31 July 2015

11. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015	2014
	£	£
Plant and machinery	86,260	114,831

12. Stocks

	2015	2014
	£	£
Raw materials	1,652,872	1,425,874
Finished goods and goods for resale	149,043	180,905
	1,801,915	1,606,779

13. Debtors

	2015	2014
	£	£
Trade debtors	3,746,051	3,888,365
Amounts owed by group undertakings	1,410,000	1,461,404
Other debtors	467	6,330
Prepayments and accrued income	160,152	156,476
	5,316,670	5,512,575

The amounts owed by group undertakings are a debtor greater than one year.

Notes to the Financial Statements

For the year ended 31 July 2015

14. Creditors:

Amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	-	26,494
Net obligations under finance leases and hire purchase contracts	21,497	40,314
Trade creditors	2,152,017	2,133,216
Amounts owed to group undertakings	4,913,211	3,689,001
Corporation tax	36,419	63,000
Other taxation and social security	237,255	146,020
Invoice discounting of trade debtors	-	619,415
Other Creditors	31,078	44,495
Accruals and deferred income	209,244	31,067
	<u>7,600,721</u>	<u>6,793,022</u>

15. Creditors:

Amounts falling due after more than one year

	2015	2014
	£	£
Net obligations under finance leases and hire purchase contracts	-	21,497
	<u>-</u>	<u>21,497</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2015	2014
	£	£
Between one and five years	-	21,497
	<u>-</u>	<u>21,497</u>

16. Deferred taxation

	2015	2014
	£	£
At beginning of year	-	3,166
Charge for/(released during) year (P&L)	21,694	(3,166)
	<u>21,694</u>	<u>-</u>
At end of year	<u>21,694</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 July 2015

16. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2015	2014
	£	£
At beginning of year	-	3,166
Charge for/(released during) year	21,694	(3,166)
	<u>21,694</u>	<u>-</u>

17. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
100,104 Ordinary shares of £1 each	<u>100,104</u>	<u>100,104</u>

18. Reserves

	Profit and loss account £
At 1 August 2014	629,297
Profit for the financial year	<u>248,062</u>
At 31 July 2015	<u>877,359</u>

19. Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
Opening shareholders' funds	729,401	564,311
Profit for the financial year	<u>248,062</u>	<u>165,090</u>
Closing shareholders' funds	<u>977,463</u>	<u>729,401</u>

20. Contingent liabilities

The company has given guarantees to its bankers in respect of the bank overdrafts and borrowings of Pontrilas Group Limited, Pontrilas Merchants Limited and Pontrilas Sawmills Limited. The total bank borrowings of the group as at 31 July 2015 is £8,777,180 (2014: £306,439), excluding the invoice discounting facility. The directors do not anticipate any liability arising as a result of these guarantees.

Notes to the Financial Statements

For the year ended 31 July 2015

21. Capital commitments

At 31 July 2015 the company had capital commitments as follows:

	2015	2014
	£	£
Contracted for but not provided in these financial statements	225,862	-

22. Operating lease commitments

At 31 July 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within 1 year	-	-	15,176	6,462
Between 2 and 5 years	-	-	32,269	49,824
After more than 5 years	346,432	346,432	-	-

23. Related party transactions

The company has taken the exemption provided in Financial Reporting Standard 8 from disclosing transactions with the group headed by Pontrilas Group Limited.

24. Ultimate parent undertaking and controlling party

Pontrilas Group Limited is the ultimate parent company. According to the register kept by the company, Pontrilas Group Limited has a 100% interest in the equity capital of Pontrilas Packaging Limited at 31 July 2015.