

Company Registration No. 07994415 (England and Wales)

MERRIOTT PLASTICS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

THURSDAY



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MERRIOTT PLASTICS GROUP LIMITED

COMPANY INFORMATION

| | |
|--------------------------|-----------------------------------------------------------------------------------------------------------|
| Directors | R J Carter I Curtis G Goodhew W E Hall A P Lawrence K Whatley |
| Secretary | J C Hall |
| Company number | 07994415 |
| Registered office | Eden Works Blacknell Lane Crewkerne Somerset TA18 7HE |
| Auditor | Spencer Gardner Dickins Audit LLP 3 Coventry Innovation Village Cheetah Road Coventry CV1 2TL |

MERRIOTT PLASTICS GROUP LIMITED

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MERRIOTT PLASTICS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

Fair Review of the Business

The results reported in these financial statements are consistent with the board expectations, which was for an increase in turnover and profit in the year.

The directors are pleased to report that in challenging trading conditions a creditable profit before tax in excess of £900k has been delivered and external debts have been reduced by £3.1m.

The group has a business plan to grow the business both organically by increasing turnover with existing customers and actively seeking new customers, and by the acquisition of competitor businesses in the industry.

Cash has been carefully managed to ensure that the finance burden placed on the group as a result of the restructure in 2012 is reduced as soon as is realistically possible.

Description of Principal Risks and Uncertainties

The group is exposed to price risk due to the nature of its operations. The cost of managing exposure to commodity price risks exceeds any potential benefits that the group could gain due to the size of its operations. The directors will revisit the appropriateness of this policy should the nature or size of group operations change.

The group maintains policies that require appropriate credit checks on potential new customers before contracts are agreed. Credit limits allowed to customers are subject to prior agreement by the directors.

The group utilizes short-term debt finance that is designed to ensure that it has sufficient available funds for its day-to-day operations as well as its long-term plans.

The group is exposed to interest bearing liabilities. The board have mitigated this area of risk by ensuring that the majority of these liabilities are subject to rates that are fixed over the term of the agreement.

The operations of the group are affected by trends in other markets, in order to mitigate the risk of a downturn in one market having a significant effect on the group the directors try to ensure that both trading subsidiaries have several different customers operating in different markets.

Analysis based on Key Performance Indicators

Group turnover for 2017 increased by £542k on last year which represents an increase of 7%. In addition to this the gross profit margin increased from 42% in 2016 to 45% this year.

This increase in turnover and gross profit has led to an increase in net profit margin of 4%.

The cash increase for the year of £163k was mitigated by careful cash management which enabled the group to redeem a further £2m of loan notes.

MERRIOTT PLASTICS GROUP LIMITED

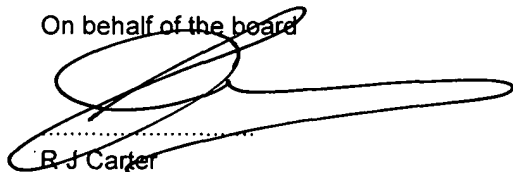
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Additional Information and Explanations

The board continues to pursue its policies of creating and maintaining good relationships with customers and suppliers to mutual advantage, and to develop and invest in people, quality and capacity in order to support its plans for expansion.

On behalf of the board



R. J. Carter
Director
4/09/17

MERRIOTT PLASTICS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

Principal activities

The principal activity of the company continued to be that of the holding company of a group of companies engaged in plastic moulding.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R J Carter
I Curtis
G Goodhew
W E Hall
A P Lawrence
K Whatley

Results and dividends

The results for the year are set out on page 7.

Post reporting date events

See note 30 to the financial statements for information on post reporting date events.

Auditors

The auditors, Spencer Gardner Dickins Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



R J Carter

Director

4/09/17

MERRIOTT PLASTICS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MERRIOTT PLASTICS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERRIOTT PLASTICS GROUP LIMITED

We have audited the financial statements of Merriott Plastics Group Limited for the year ended 31 March 2017 set out on pages 7 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 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, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the 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.

MERRIOTT PLASTICS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Spencer Gardner Dickins Audit LLP

Susan Walls BSc FCA (Senior Statutory Auditor)
for and on behalf of Spencer Gardner Dickins Audit LLP

4/9/17

Chartered Accountants
Statutory Auditor

3 Coventry Innovation Village
Cheetah Road
Coventry
CV1 2TL

MERRIOTT PLASTICS GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | 2017 £ | 2016 £ |
|----------------------------------------|-------|------------------|------------------|
| Turnover | 3 | 7,578,406 | 7,036,705 |
| Cost of sales | | (4,143,928) | (4,056,248) |
| Gross profit | | 3,434,478 | 2,980,457 |
| Administrative expenses | | (2,452,939) | (2,314,288) |
| Operating profit | 4 | 981,539 | 666,169 |
| Interest receivable and similar income | 8 | 585 | - |
| Interest payable and similar expenses | 9 | (67,164) | (165,105) |
| Profit before taxation | | 914,960 | 501,064 |
| Taxation | 10 | (223,206) | (138,867) |
| Profit for the financial year | | 691,754 | 362,197 |

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MERRIOTT PLASTICS GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

| | 2017 £ | 2016 £ |
|-----------------------------------------|----------------|----------------|
| Profit for the year | 691,754 | 362,197 |
| Other comprehensive income | | |
| Revaluation of tangible fixed assets | - | 600,000 |
| Total comprehensive income for the year | <u>691,754</u> | <u>962,197</u> |

Total comprehensive income for the year is all attributable to the owners of the parent company.

MERRIOTT PLASTICS GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|----------------------------------------------------------------|-------|-------------------------|---|-------------------------|---|
| Fixed assets | | | | | |
| Goodwill | 12 | 2,564,521 | | 2,501,767 | |
| Tangible assets | 13 | 312,806 | | 3,177,237 | |
| | | <u>2,877,327</u> | | <u>5,679,004</u> | |
| Current assets | | | | | |
| Stocks | 18 | 679,917 | | 657,780 | |
| Debtors | 19 | 1,866,262 | | 1,576,908 | |
| Cash at bank and in hand | | 63,528 | | 61,674 | |
| | | <u>2,609,707</u> | | <u>2,296,362</u> | |
| Creditors: amounts falling due within one year | 20 | <u>(1,781,916)</u> | | <u>(1,910,305)</u> | |
| Net current assets | | <u>827,791</u> | | <u>386,057</u> | |
| Total assets less current liabilities | | <u>3,705,118</u> | | <u>6,065,061</u> | |
| Creditors: amounts falling due after more than one year | 21 | (500,000) | | (3,399,798) | |
| Provisions for liabilities | 23 | (33,428) | | (48,327) | |
| Net assets | | <u><u>3,171,690</u></u> | | <u><u>2,616,936</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 25 | 90,833 | | 100,000 | |
| Revaluation reserve | 26 | - | | 600,000 | |
| Capital redemption reserve | | 9,167 | | - | |
| Profit and loss reserves | | <u>3,071,690</u> | | <u>1,916,936</u> | |
| Total equity | | <u><u>3,171,690</u></u> | | <u><u>2,616,936</u></u> | |

The financial statements were approved by the board of directors and authorised for issue on 04/09/17 and are signed on its behalf by:


R J Carter
Director

MERRIOTT PLASTICS GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|----------------------------------------------------------------|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Investment properties | 14 | - | | 2,800,000 | |
| Investments | 15 | 7,315,100 | | 7,315,100 | |
| | | <u>7,315,100</u> | | <u>10,115,100</u> | |
| Current assets | | | | | |
| Debtors | 19 | 687 | | 117,030 | |
| Cash at bank and in hand | | 11,366 | | 4,513 | |
| | | <u>12,053</u> | | <u>121,543</u> | |
| Creditors: amounts falling due within one year | 20 | (4,914,746) | | (4,696,584) | |
| Net current liabilities | | <u>(4,902,693)</u> | | <u>(4,575,041)</u> | |
| Total assets less current liabilities | | <u>2,412,407</u> | | <u>5,540,059</u> | |
| Creditors: amounts falling due after more than one year | 21 | (500,000) | | (3,399,798) | |
| Provisions for liabilities | 23 | - | | (5,389) | |
| Net assets | | <u>1,912,407</u> | | <u>2,134,872</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 25 | 90,833 | | 100,000 | |
| Capital redemption reserve | | 9,167 | | - | |
| Profit and loss reserves | | 1,812,407 | | 2,034,872 | |
| Total equity | | <u>1,912,407</u> | | <u>2,134,872</u> | |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £85,465 (2016 - £576,572 profit).

The financial statements were approved by the board of directors and authorised for issue on 04/09/17 and are signed on its behalf by:


R J Carter
Director

Company Registration No. 07994415

MERRIOTT PLASTICS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | Share capital £ | Revaluation reserve £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|----------------------------------------------------|-------|--------------------|--------------------------|---------------------------------|-------------------------------|------------|
| Balance at 1 April 2015 | | 100,000 | - | - | 1,629,739 | 1,729,739 |
| Year ended 31 March 2016: | | | | | | |
| Profit for the year | | - | - | - | 362,197 | 362,197 |
| Other comprehensive income: | | | | | | |
| Revaluation of tangible fixed assets | | - | 600,000 | - | - | 600,000 |
| Total comprehensive income for the year | | - | 600,000 | - | 362,197 | 962,197 |
| Dividends | 11 | - | - | - | (75,000) | (75,000) |
| Balance at 31 March 2016 | | 100,000 | 600,000 | - | 1,916,936 | 2,616,936 |
| Year ended 31 March 2017: | | | | | | |
| Profit and total comprehensive income for the year | | - | - | - | 691,754 | 691,754 |
| Dividends | 11 | - | - | - | (20,000) | (20,000) |
| Redemption of shares | 25 | (9,167) | - | 9,167 | (117,000) | (117,000) |
| Transfers | | - | (600,000) | - | 600,000 | - |
| Balance at 31 March 2017 | | 90,833 | - | 9,167 | 3,071,690 | 3,171,690 |

MERRIOTT PLASTICS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | Share capital £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|----------------------------------------------------|-------|-----------------------|---------------------------------------|-------------------------------------|------------|
| Balance at 1 April 2015 | | 100,000 | - | 1,533,300 | 1,633,300 |
| Year ended 31 March 2016: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 576,572 | 576,572 |
| Dividends | 11 | - | - | (75,000) | (75,000) |
| Balance at 31 March 2016 | | 100,000 | - | 2,034,872 | 2,134,872 |
| Year ended 31 March 2017: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (85,465) | (85,465) |
| Dividends | 11 | - | - | (20,000) | (20,000) |
| Redemption of shares | 25 | (9,167) | 9,167 | (117,000) | (117,000) |
| Balance at 31 March 2017 | | 90,833 | 9,167 | 1,812,407 | 1,912,407 |

MERRIOTT PLASTICS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|---------------------------------------------------------------|-------|--------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 33 | 981,008 | | 974,216 | |
| Interest paid | | (87,243) | | (165,105) | |
| Income taxes paid | | (205,038) | | (243,254) | |
| Net cash inflow from operating activities | | 688,727 | | 565,857 | |
| Investing activities | | | | | |
| Purchase of business net of cash received | | (305,000) | | - | |
| Purchase of tangible fixed assets | | (9,842) | | (47,223) | |
| Proceeds on disposal of tangible fixed assets | | 2,805,323 | | 36,407 | |
| Interest received | | 585 | | - | |
| Net cash generated from/(used in) investing activities | | 2,491,066 | | (10,816) | |
| Financing activities | | | | | |
| Repayment of debenture loans | | (2,000,000) | | (475,000) | |
| Release of long term deferred income | | (12,717) | | (10,188) | |
| Repayment of bank loans | | (984,092) | | (86,832) | |
| Payment of finance leases obligations | | - | | (39,964) | |
| Dividends paid to equity shareholders | | (20,000) | | (75,000) | |
| Net cash used in financing activities | | (3,016,809) | | (686,984) | |
| Net increase/(decrease) in cash and cash equivalents | | 162,984 | | (131,943) | |
| Cash and cash equivalents at beginning of year | | (610,488) | | (478,545) | |
| Cash and cash equivalents at end of year | | (447,504) | | (610,488) | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 63,528 | | 61,674 | |
| Bank overdrafts included in creditors payable within one year | | (511,032) | | (672,162) | |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Merriott Plastics Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Eden Works, Blacknell Lane, Crewkerne, Somerset, TA18 7HE.

The group consists of Merriott Plastics Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption from the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 on the basis that it is a qualifying entity and that the results of the company are included in the group statement of cash flows.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Merriott Plastics Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10-20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

The directors assessed useful economic life of goodwill at the date of acquisition based on the fact that the trading companies have a long history of retaining a consistent customer base and have developed long-term trading relationships with their customers. No events have occurred since this assessment which indicate that estimated useful economic life has changed.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---------------------------------------|----------------------------|
| Land and buildings freehold | Not depreciated |
| Short leasehold property improvements | Over the term of the lease |
| Plant and machinery | 10 - 20% straight line |
| Fixtures, fittings and equipment | 20% straight line |
| Motor vehicles | 25% straight line |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Group

The directors have adopted a policy of revaluation of freehold land and building in the prior year, which have been revalued to market value at the balance sheet date. The revaluation in the period is taken to the revaluation reserve. This has resulted in an increase in the carrying value of tangible fixed assets and the revaluation reserve of £nil (2016: £600,000), and an increase in the deferred tax provision of £nil (2016: £83,709).

This represents a departure from a general requirement of the Companies Act 2006 to depreciate all tangible fixed assets. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

Company

Investment property is included in the balance sheet at fair value. Depreciation is not provided on investment property.

Although this accounting policy complies with the legislation in FRS 102 section 16, it represents a departure from a general requirement of the Companies Act 2006 to depreciate all tangible fixed assets. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

Gains arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

1.6 Fixed asset investments

Equity instruments which are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stock of raw materials is calculated using the average cost method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Operating lease commitments

The company has entered into commercial leases as a lessee in order to obtain use of property, plant and equipment and motor vehicles. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Presentation of loan notes

The loan notes are presented as falling due after more than one year. The payment terms set out in the loan note agreement leave the timing of payments in part up to the discretion of the Investor Board. As such it is not practicable to estimate the amount falling due within 12 months.

As at 31 March 2017 the amount owed by the company in respect of loan notes was £500,000 (2016: £2,500,000).

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

Turnover analysed by geographical market

| | 2017 £ | 2016 £ |
|---------------|------------------|------------------|
| UK | 6,397,632 | 6,226,313 |
| Europe | 983,928 | 677,233 |
| Rest of World | 196,846 | 133,159 |
| | <u>7,578,406</u> | <u>7,036,705</u> |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

4 Operating profit

| | 2017 £ | 2016 £ |
|---------------------------------------------------------------------|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange gains | (72) | (13) |
| Depreciation of owned tangible fixed assets | 99,154 | 118,775 |
| Depreciation of tangible fixed assets held under finance leases | - | 7,391 |
| Loss/(profit) on disposal of tangible fixed assets | 3,796 | (4,124) |
| Amortisation of intangible assets | 169,434 | 153,955 |
| Cost of stocks recognised as an expense | 2,677,533 | 2,598,823 |
| Operating lease charges | 425,391 | 152,100 |
| | <u> </u> | <u> </u> |

5 Auditor's remuneration

| | 2017 £ | 2016 £ |
|-----------------------------------------------------------------|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 5,000 | 5,000 |
| Audit of the financial statements of the company's subsidiaries | 16,600 | 16,200 |
| | <u>21,600</u> | <u>21,200</u> |
| For other services | | |
| Other assurance services | 4,800 | 4,800 |
| Taxation compliance services | 1,000 | 1,000 |
| Other taxation services | 1,523 | 561 |
| | <u>7,323</u> | <u>6,361</u> |

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

| | Group 2017 Number | 2016 Number | Company 2017 Number | 2016 Number |
|----------------------------|-------------------------|----------------|---------------------------|----------------|
| Directors | 4 | 5 | - | - |
| Administration and support | 8 | 8 | - | - |
| Production | 67 | 70 | - | - |
| | <u>79</u> | <u>83</u> | <u>-</u> | <u>-</u> |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

6 Employees

(Continued)

Their aggregate remuneration comprised:

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---------------------------------------|--------------------|------------------|----------------------|-----------|
| Wages and salaries | 2,004,510 | 2,038,408 | - | - |
| Social security costs | 157,258 | 158,830 | - | - |
| Pension costs | 31,868 | 35,041 | - | - |
| | <u>2,193,636</u> | <u>2,232,279</u> | <u>-</u> | <u>-</u> |
| Redundancy payments made or committed | 14,634 | 30,000 | - | - |

7 Directors' remuneration

| | 2017 £ | 2016 £ |
|---------------------------------------------------------------|----------------|----------------|
| Remuneration for qualifying services | 277,382 | 346,243 |
| Company pension contributions to defined contribution schemes | 11,520 | 17,428 |
| Compensation for loss of office | - | 30,000 |
| | <u>288,902</u> | <u>393,671</u> |

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2017 £ | 2016 £ |
|---------------------------------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 83,778 | 66,395 |
| Company pension contributions to defined contribution schemes | 5,449 | 7,367 |
| Compensation for loss of office | - | 30,000 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2016 - 4).

8 Interest receivable and similar income

| | 2017 £ | 2016 £ |
|---------------------------|------------|-----------|
| Interest income | | |
| Interest on bank deposits | 24 | - |
| Other interest income | 561 | - |
| | <u>585</u> | <u>-</u> |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

8 Interest receivable and similar income (Continued)

Investment income includes the following:

| | | |
|--------------------------------------------------------------------------------|----|---|
| Interest on financial assets not measured at fair value through profit or loss | 24 | - |
|--------------------------------------------------------------------------------|----|---|

9 Interest payable and similar expenses

| | 2017 £ | 2016 £ |
|----------------------------------------------------------------------|-----------|-----------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 17,813 | 37,504 |
| Interest on finance leases and hire purchase contracts | - | 2,731 |
| | 17,813 | 40,235 |
| Other finance costs: | | |
| Other interest | 49,351 | 124,870 |
| Total finance costs | 67,164 | 165,105 |

10 Taxation

| | 2017 £ | 2016 £ |
|------------------------------------------------------|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | 245,156 | 142,880 |
| Deferred tax | | |
| Origination and reversal of timing differences | (21,950) | (4,013) |
| Total tax charge | 223,206 | 138,867 |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

| | 2017 £ | 2016 £ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit before taxation | 914,960 | 501,064 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%) | 182,992 | 100,213 |
| Tax effect of expenses that are not deductible in determining taxable profit | 47,361 | 2,194 |
| Effect of change in corporation tax rate | (1,758) | - |
| Depreciation on assets not qualifying for tax allowances | - | 280 |
| Amortisation on assets not qualifying for tax allowances | - | 30,791 |
| Deferred tax on fair value adjustment to land and buildings | (5,389) | 5,389 |
| Taxation charge for the year | 223,206 | 138,867 |

11 Dividends

| | 2017 £ | 2016 £ |
|------------|-----------|-----------|
| Final paid | 20,000 | 75,000 |

12 Intangible fixed assets

| Group | Goodwill £ |
|------------------------------------|---------------|
| Cost | |
| At 1 April 2016 | 3,079,098 |
| Additions - separately acquired | 232,188 |
| At 31 March 2017 | 3,311,286 |
| Amortisation and impairment | |
| At 1 April 2016 | 577,331 |
| Amortisation charged for the year | 169,434 |
| At 31 March 2017 | 746,765 |
| Carrying amount | |
| At 31 March 2017 | 2,564,521 |
| At 31 March 2016 | 2,501,767 |

The company had no intangible fixed assets at 31 March 2017 or 31 March 2016.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Intangible fixed assets

(Continued)

During the year the group purchased 100% of the share capital in Andiville Limited, resulting in the creation of goodwill of £232,188. See note 27 for further details.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

13 Tangible fixed assets

| Group | Land and buildings freehold | Short leasehold property improvements | Plant and machinery | Fixtures, Motor vehicles fittings and equipment | Total |
|------------------------------------|-----------------------------------|------------------------------------------------|------------------------|-------------------------------------------------------|-------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2016 | 2,800,000 | 131,552 | 1,940,903 | 16,866 | 4,900,071 |
| Additions | - | - | 7,074 | 2,768 | 9,842 |
| Business combinations | - | - | 72,000 | - | 72,000 |
| Disposals | (2,800,000) | - | (9,119) | - | (2,809,119) |
| At 31 March 2017 | - | 131,552 | 2,010,858 | 19,634 | 2,172,794 |
| Depreciation and impairment | | | | | |
| At 1 April 2016 | - | 35,265 | 1,659,953 | 16,866 | 1,722,834 |
| Depreciation charged in the year | - | 7,911 | 90,919 | 324 | 99,154 |
| Business combinations | - | - | 38,000 | - | 38,000 |
| At 31 March 2017 | - | 43,176 | 1,788,872 | 17,190 | 1,859,988 |
| Carrying amount | | | | | |
| At 31 March 2017 | - | 88,376 | 221,986 | 2,444 | 312,806 |
| At 31 March 2016 | 2,800,000 | 96,287 | 280,950 | - | 3,177,237 |

The company had no tangible fixed assets at 31 March 2017 or 31 March 2016.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|--------------------------------------------------------------|--------------------|-----------|----------------------|-----------|
| Depreciation charge for the year in respect of leased assets | - | 7,391 | - | - |

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|--------------------------|--------------------|-----------|----------------------|-----------|
| Cost | - | 2,200,000 | - | - |
| Accumulated depreciation | - | - | - | - |
| Carrying value | - | 2,200,000 | - | - |

14 Investment property

| | Group 2017 £ | Company 2017 £ |
|-------------------|--------------------|----------------------|
| Fair value | | |
| At 1 April 2016 | - | 2,800,000 |
| Disposals | - | (2,800,000) |
| At 31 March 2017 | - | - |

Investment property comprises property owned by the company which was occupied by a company within the group. The property was disposed of during the year.

15 Fixed asset investments

| | Notes | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 16 | - | - | 7,315,100 | 7,315,100 |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

15 Fixed asset investments

(Continued)

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in fixed asset investments

Company

Shares in
group
undertakings
£

Cost or valuation

At 1 April 2016 and 31 March 2017

7,315,100

Carrying amount

At 31 March 2017

7,315,100

At 31 March 2016

7,315,100

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|----------------------------------|-------------------|--------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Merriott Plastics Limited | England and Wales | | Ordinary | 100.00 | |
| ICM (Plastic Moulding) Limited | England and Wales | | Ordinary | - | 100.00 |
| Merriott Plastic Trustee Limited | England and Wales | | Ordinary | 100.00 | |

Merriott Plastics Trustee Limited is excluded from the consolidation in accordance with s479 of the Companies Act 2006 as it is a dormant company.

On 01/08/16 100% of the share capital of Andiville Limited was purchased by ICM (Plastic Moulding) Limited as per note 27. On 30/09/16 the assets & liabilities of Andiville Limited were hived up into ICM (Plastic Moulding) Limited and Andiville was wound up.

17 Financial instruments

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|-------------------------------------------------|--------------------|-----------|----------------------|-----------|
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 1,752,307 | 1,475,814 | 687 | 117,030 |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | 1,969,392 | 5,048,653 | 5,412,757 | 8,071,490 |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

18 Stocks

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|-------------------------------------|--------------------|----------------|----------------------|-----------|
| Raw materials and consumables | 394,495 | 358,275 | - | - |
| Work in progress | 58,949 | 94,182 | - | - |
| Finished goods and goods for resale | 226,473 | 205,323 | - | - |
| | <u>679,917</u> | <u>657,780</u> | <u>-</u> | <u>-</u> |

19 Debtors

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---------------------------------------------|--------------------|------------------|----------------------|----------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 1,751,620 | 1,358,784 | - | - |
| Other debtors | 687 | 117,030 | 687 | 117,030 |
| Prepayments and accrued income | 113,955 | 101,094 | - | - |
| | <u>1,866,262</u> | <u>1,576,908</u> | <u>687</u> | <u>117,030</u> |

20 Creditors: amounts falling due within one year

| | Notes | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|------------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Bank loans and overdrafts | 22 | 511,032 | 758,994 | - | 86,832 |
| Trade creditors | | 822,707 | 682,529 | - | - |
| Amounts due to group undertakings | | - | - | 4,900,128 | 4,494,228 |
| Corporation tax payable | | 128,474 | 65,407 | - | - |
| Other taxation and social security | | 184,050 | 196,043 | 1,989 | 24,892 |
| Other creditors | | - | 10,188 | 100 | 10,188 |
| Accruals and deferred income | | 135,653 | 197,144 | 12,529 | 80,444 |
| | | <u>1,781,916</u> | <u>1,910,305</u> | <u>4,914,746</u> | <u>4,696,584</u> |

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

21 Creditors: amounts falling due after more than one year

| | Notes | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---------------------------|-------|--------------------|------------------|----------------------|------------------|
| Unsecured loan notes | 22 | 500,000 | 2,500,000 | 500,000 | 2,500,000 |
| Bank loans and overdrafts | 22 | - | 897,260 | - | 897,260 |
| Other borrowings | 22 | - | 2,538 | - | 2,538 |
| | | <u>500,000</u> | <u>3,399,798</u> | <u>500,000</u> | <u>3,399,798</u> |

22 Loans and overdrafts

| | | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|-------------------------|--|--------------------|------------------|----------------------|------------------|
| Unsecured loan notes | | 500,000 | 2,500,000 | 500,000 | 2,500,000 |
| Bank loans | | - | 984,092 | - | 984,092 |
| Bank overdrafts | | 511,032 | 672,162 | - | - |
| Other loans | | - | 2,538 | - | 2,538 |
| | | <u>1,011,032</u> | <u>4,158,792</u> | <u>500,000</u> | <u>3,486,630</u> |
| Payable within one year | | 511,032 | 758,994 | - | 86,832 |
| Payable after one year | | <u>500,000</u> | <u>3,399,798</u> | <u>500,000</u> | <u>3,399,798</u> |

Bank loans and overdrafts are secured over the assets of the group.

The unsecured loan notes carry interest at 3.2% above the Bank of England base rate. The repayment terms are such that 80% of surplus cash at the end of each calendar quarter within the group is used to repay the loan notes, surplus cash being subject to agreement by the Investor Board. Voluntary early repayment is permitted.

The bank overdrafts represent a sales discount facility operated by the two trading subsidiary companies. The maximum repayment terms allowed by the bankers in respect of the sales ledger are 120 days from the day following the date of issue of a sales invoice.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2017 £ | Liabilities 2016 £ |
|--------------------------------|--------------------------|--------------------------|
| Group | | |
| ACAs | 33,833 | 43,796 |
| Revaluations | - | 5,389 |
| Retirement benefit obligations | (405) | (858) |
| | <u>33,428</u> | <u>48,327</u> |
| | | |
| | Liabilities 2017 £ | Liabilities 2016 £ |
| Company | | |
| Revaluations | - | 5,389 |
| | <u>-</u> | <u>5,389</u> |
| | | |
| | Group 2017 £ | Company 2017 £ |
| Movements in the year: | | |
| Liability at 1 April 2016 | 48,327 | 5,389 |
| Credit to profit or loss | (21,950) | (5,389) |
| Transfer | 7,051 | - |
| | <u>33,428</u> | <u>-</u> |
| Liability at 31 March 2017 | | |

24 Retirement benefit schemes

| | 2017 £ | 2016 £ |
|---------------------------------------------------------------------|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>31,868</u> | <u>35,041</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The group was committed to pay £5,374 (2016: £4,291) in respect of defined contribution schemes at the balance sheet date.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

25 Share capital

| | Group and company | |
|-------------------------------------|-------------------|----------------|
| | 2017 | 2016 |
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 20,000 A Ordinary shares of £1 each | 20,000 | 20,000 |
| 36,668 B Ordinary shares of £1 each | 36,668 | 45,835 |
| 25,000 C Ordinary shares of £1 each | 25,000 | 25,000 |
| 9,165 D Ordinary shares of £1 each | 9,165 | 9,165 |
| | <u>90,833</u> | <u>100,000</u> |

All classes of shares rank parri passu with regards to voting, dividends and capital distributions.

All classes of shares carry no right to fixed income or to a fixed repayment of capital, one share is entitled to one vote.

On 28/07/16 the company repurchased 9,167 £1 B Ordinary shares for £117,000.

26 Revaluation reserve

The revaluation reserve represents the gain arising on revaluation of freehold land and buildings during the period of £Nil (2016: £600,000).

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

27 Acquisitions

On 1 August 2016 the group acquired 100 percent of the issued capital of Andiville Limited.

| | Book Value £ | Adjustments £ | Fair Value £ |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|-----------------|
| Property, plant and equipment | 34,000 | - | 34,000 |
| Inventories | 10,000 | - | 10,000 |
| Trade and other receivables | 71,812 | - | 71,812 |
| Cash and cash equivalents | 70,000 | - | 70,000 |
| Trade and other payables | (13,000) | - | (13,000) |
| Tax liabilities | (23,000) | - | (23,000) |
| Provisions | (7,000) | - | (7,000) |
| Total identifiable net assets | 142,812 | - | 142,812 |
| Goodwill | | | 232,188 |
| Total consideration | | | 375,000 |
| The consideration was satisfied by: | | | £ |
| Cash | | | 375,000 |
| Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: | | | £ |
| Turnover | | | 39,076 |
| Loss after tax | | | (23,338) |

Subsequent to this on 30/09/16 the assets and liabilities of Andiville Limited were hived up into ICM (Plastic Moulding) Limited and Andiville limited was wound up.

28 Financial commitments, guarantees and contingent liabilities

The company has provided a cross-guarantee to the Group's bankers in respect of sales invoice finance facilities. As at 31 March 2017 the amount owed by the rest of the Group in this respect was £511,032 (2016: £672,162). The liability is secured over the assets of the group.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

29 Operating lease commitments

Lessee

The operating leases represent leases of premises and equipment from third parties. The leases are negotiated over terms of 3 - 10 years and rentals are fixed for up to 5 years.

Renewal of lease agreements is dependent upon negotiation near the end of the lease between the Board of Directors and the third party.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|----------------------------|--------------------|------------------|----------------------|-----------|
| Within one year | 367,264 | 358,940 | - | - |
| Between two and five years | 1,599,331 | 1,357,467 | - | - |
| In over five years | 1,320,000 | 363,333 | - | - |
| | <u>3,286,595</u> | <u>2,079,740</u> | <u>-</u> | <u>-</u> |

Lessor

At the reporting end date the company had contracted with tenants within the group for the following minimum lease payments:

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|--------------------|--------------------|-----------|----------------------|------------------|
| In over five years | - | - | - | 1,375,000 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,375,000</u> |

The approximate present value of future inflows relating to the above is £Nil (2016: £1,204,674).

30 Events after the reporting date

In May 2017 Merriott Plastics Group Limited purchased the trade and assets of PM UK Tunbridge Wells Limited for £574,583.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

31 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

| | Services received | | Provision of finance | |
|-----------------------|-------------------|---------------|----------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Group | | | | |
| Other related parties | 42,000 | 36,000 | 49,350 | 156,476 |
| | <u>42,000</u> | <u>36,000</u> | <u>49,350</u> | <u>156,476</u> |
| Company | | | | |
| Other related parties | 42,000 | 36,000 | 49,350 | 156,476 |
| | <u>42,000</u> | <u>36,000</u> | <u>49,350</u> | <u>156,476</u> |

During the period a company within the group paid rent to a pension scheme in which certain of the directors are trustees for use of premises amounting to £70,000 (2016: £70,000)

During the period a company within the group had outstanding debtors of £687 (2016: £117,030) due from other related parties.

The following amounts were outstanding at the reporting end date:

| | Amounts owed to related parties | |
|-----------------------|---------------------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Group | | |
| Other related parties | 503,150 | 2,514,001 |
| | <u>503,150</u> | <u>2,514,001</u> |
| Company | | |
| Other related parties | 503,150 | 2,514,001 |
| | <u>503,150</u> | <u>2,514,001</u> |

32 Directors' transactions

Dividends totalling £20,000 (2016 - £75,000) were paid in the year in respect of shares held by the company's directors.

MERRIOTT PLASTICS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

33 Cash generated from group operations

| | 2017 £ | 2016 £ |
|------------------------------------------------------|----------------|----------------|
| Profit for the year after tax | 691,754 | 362,197 |
| Adjustments for: | | |
| Taxation charged | 223,206 | 138,867 |
| Finance costs | 67,164 | 165,105 |
| Investment income | (585) | - |
| Loss/(gain) on disposal of tangible fixed assets | 3,796 | (4,124) |
| Amortisation and impairment of intangible assets | 169,434 | 153,955 |
| Depreciation and impairment of tangible fixed assets | 99,154 | 126,166 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (12,137) | 60,060 |
| (Increase)/decrease in debtors | (334,542) | 304,115 |
| Increase/(decrease) in creditors | 73,764 | (332,125) |
| Cash generated from operations | 981,008 | 974,216 |