

Company Registration No. 07994415 (England and Wales)

**MERRIOTT PLASTICS GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# MERRIOTT PLASTICS GROUP LIMITED

## COMPANY INFORMATION

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

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# MERRIOTT PLASTICS GROUP LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 37

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# MERRIOTT PLASTICS GROUP LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present the strategic report for the year ended 31 March 2016.

### **Fair Review of the Business**

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

Part of the long-term business plan is to grow the business organically by increasing turnover with existing customers as well as gaining new customers. The directors are pleased to report that in challenging trading conditions a creditable profit before tax in excess of £501k has been delivered and external debts have been reduced by £514k. The directors are pleased that the group was able to maintain its existing customer base.

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 has implemented 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 maintains 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 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 2016 decreased by some £1.784m on last year which represents a decrease of 20%. In addition to this the gross profit margin decreased from 44% in 2015 to 42% this year.

This decrease in turnover and gross profit has led to an decrease in net profit margin of some 7%.

The cash outflow for the year of some £132k was mitigated by careful cash management as the group redeemed loan notes of almost £0.5m.

### **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 quality and capacity in order that the Group can continue to expand.

On behalf of the board



R J Carter

Director

13/10/16

# MERRIOTT PLASTICS GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2016

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The directors present their annual report and financial statements for the year ended 31 March 2016.

#### 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

I C Low

(Resigned 2 November 2015)

K Whatley

#### Results and dividends

The results for the year are set out on page 6.

#### Post reporting date events

See note 31 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 directors' responsibilities

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

## DIRECTORS' REPORT (CONTINUED)

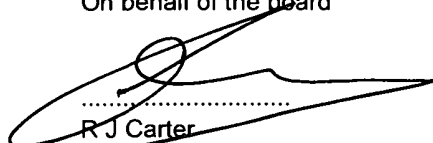
**FOR THE YEAR ENDED 31 MARCH 2016**

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### 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  
13/1/16  
.....

# **MERRIOTT PLASTICS GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MERRIOTT PLASTICS GROUP LIMITED**

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We have audited the financial statements of Merriott Plastics Group Limited for the year ended 31 March 2016 set out on pages 6 to 36. 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 to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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 2016 and of its loss 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.

# MERRIOTT PLASTICS GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MERRIOTT PLASTICS GROUP LIMITED

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#### 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

7/11/16

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 2016

	Notes	2016 £	2015 £
Turnover	3	7,036,705	8,821,018
Cost of sales		(4,056,248)	(4,969,356)
<b>Gross profit</b>		<u>2,980,457</u>	<u>3,851,662</u>
Administrative expenses		(2,314,288)	(2,371,645)
<b>Operating profit</b>	4	<u>666,169</u>	<u>1,480,017</u>
Interest receivable and similar income	8	-	5
Interest payable and similar charges	9	(165,105)	(274,861)
<b>Profit before taxation</b>		<u>501,064</u>	<u>1,205,161</u>
Taxation	10	(138,867)	(282,824)
<b>Profit for the financial year</b>		<u><u>362,197</u></u>	<u><u>922,337</u></u>

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 2016**

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	2016 £	2015 £
<b>Profit for the year</b>	362,197	922,337
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	600,000	-
<b>Total comprehensive income for the year</b>	<u>962,197</u>	<u>922,337</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 2016

	Notes	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		2,501,767		2,655,722
Tangible assets	13		3,177,237		2,688,463
			<u>5,679,004</u>		<u>5,344,185</u>
<b>Current assets</b>					
Stocks	18	657,780		717,840	
Debtors	19	1,576,908		1,938,979	
Cash at bank and in hand		61,674		47,329	
		<u>2,296,362</u>		<u>2,704,148</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(1,910,305)</u>		<u>(2,209,656)</u>	
<b>Net current assets</b>			<u>386,057</u>		<u>494,492</u>
<b>Total assets less current liabilities</b>			<u>6,065,061</u>		<u>5,838,677</u>
<b>Creditors: amounts falling due after more than one year</b>	21		<u>(3,399,798)</u>		<u>(4,056,598)</u>
<b>Provisions for liabilities</b>	24		<u>(48,327)</u>		<u>(52,340)</u>
<b>Net assets</b>			<u><u>2,616,936</u></u>		<u><u>1,729,739</u></u>
<b>Capital and reserves</b>					
Called up share capital	26		100,000		100,000
Revaluation reserve	27		600,000		-
Profit and loss reserves			<u>1,916,936</u>		<u>1,629,739</u>
<b>Total equity</b>			<u><u>2,616,936</u></u>		<u><u>1,729,739</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13/11/16 and are signed on its behalf by:

  
R. J. Carter  
Director

# MERRIOTT PLASTICS GROUP LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Investment properties	14	2,800,000		2,200,000	
Investments	15	7,315,100		7,315,100	
		<u>10,115,100</u>		<u>9,515,100</u>	
<b>Current assets</b>					
Debtors	19	117,030		70,835	
Cash at bank and in hand		4,513		2,640	
		<u>121,543</u>		<u>73,475</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(4,696,584)</u>		<u>(3,925,501)</u>	
<b>Net current liabilities</b>		<u>(4,575,041)</u>		<u>(3,852,026)</u>	
<b>Total assets less current liabilities</b>		<u>5,540,059</u>		<u>5,663,074</u>	
<b>Creditors: amounts falling due after more than one year</b>	21	<u>(3,399,798)</u>		<u>(4,029,774)</u>	
<b>Provisions for liabilities</b>	24	<u>(5,389)</u>		<u>-</u>	
<b>Net assets</b>		<u><u>2,134,872</u></u>		<u><u>1,633,300</u></u>	
<b>Capital and reserves</b>					
Called up share capital	26	100,000		100,000	
Profit and loss reserves		2,034,872		1,533,300	
<b>Total equity</b>		<u><u>2,134,872</u></u>		<u><u>1,633,300</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 13/10/16 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 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2014</b>		100,000	-	764,097	864,097
<b>Year ended 31 March 2015:</b>					
Profit and total comprehensive income for the year		-	-	922,337	922,337
Dividends	11	-	-	(56,695)	(56,695)
<b>Balance at 31 March 2015</b>		100,000	-	1,629,739	1,729,739
<b>Year ended 31 March 2016:</b>					
Profit for the year		-	-	362,197	362,197
Other comprehensive income:					
Revaluation of tangible fixed assets	27	-	600,000	-	600,000
Total comprehensive income for the year		-	600,000	362,197	962,197
Dividends	11	-	-	(75,000)	(75,000)
<b>Balance at 31 March 2016</b>		100,000	600,000	1,916,936	2,616,936

# MERRIOTT PLASTICS GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2014</b>		100,000	1,694,183	1,794,183
<b>Year ended 31 March 2015:</b>				
Loss and total comprehensive income for the year		-	(104,188)	(104,188)
Dividends	11	-	(56,695)	(56,695)
<b>Balance at 31 March 2015</b>		100,000	1,533,300	1,633,300
<b>Year ended 31 March 2016:</b>				
Profit and total comprehensive income for the year		-	576,572	576,572
Dividends	11	-	(75,000)	(75,000)
<b>Balance at 31 March 2016</b>		100,000	2,034,872	2,134,872

# MERRIOTT PLASTICS GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	33	974,216		1,773,127	
Interest paid		(165,105)		(274,861)	
Income taxes paid		(243,254)		(272,775)	
<b>Net cash inflow from operating activities</b>		<b>565,857</b>		<b>1,225,491</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(47,223)		(113,828)	
Proceeds on disposal of tangible fixed assets		36,407		30,437	
Interest received		-		5	
<b>Net cash used in investing activities</b>		<b>(10,816)</b>		<b>(83,386)</b>	
<b>Financing activities</b>					
Repayment of debenture loans		(475,000)		(1,078,262)	
Release of long-term deferred income		(10,188)		(10,188)	
Repayment of bank loans		(86,832)		(86,832)	
Payment of finance lease obligations		(39,964)		(4,036)	
Dividends paid to equity shareholders		(75,000)		(56,695)	
<b>Net cash used in financing activities</b>		<b>(686,984)</b>		<b>(1,236,013)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(131,943)</b>		<b>(93,908)</b>	
Cash and cash equivalents at beginning of year		(478,545)		(384,637)	
<b>Cash and cash equivalents at end of year</b>		<b>(610,488)</b>		<b>(478,545)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		61,674		47,329	
Bank overdrafts included in creditors payable within one year		(672,162)		(525,874)	

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

#### Company information

Merriott Plastics Group Limited ("the company") is a 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 on 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.

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of Merriott Plastics Group Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 34.

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.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £576,572 (2015 - £104,188 loss).

#### 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.



# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

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 2016. 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.

#### 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 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.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

#### 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

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 on freehold land and buildings, 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 £600,000 (2015: £nil), and an increase in the deferred tax provision of £83,709 (2015: £nil).

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.

This accounting policy has resulted in investment property being increased in value by £600,000 (2015: £nil) and the deferred tax provision being increased by £83,709 (2015: £nil).

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

#### 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.

#### 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.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

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#### 1 Accounting policies

(Continued)

##### 1.9 Cash and cash equivalents

Cash and cash equivalents 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.

##### 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 statement of financial position 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 publically 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.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

(Continued)

#### **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.

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 receipts 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 2016

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#### 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**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 2016

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### 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 2016 the amount owed by the company in respect of loan notes was £2,500,000 (2015: £3,032,956).

### 3 Turnover and other revenue

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

#### **Turnover analysed by geographical market**

	2016 £	2015 £
UK	6,226,313	7,939,654
Europe	677,233	602,053
Rest of World	133,159	279,311
	<u>7,036,705</u>	<u>8,821,018</u>

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(13)	(40)
Depreciation of owned tangible fixed assets	118,775	137,246
Depreciation of tangible fixed assets held under finance leases	7,391	4,583
Profit on disposal of tangible fixed assets	(4,124)	(2,658)
Amortisation of intangible assets	153,955	153,955
Cost of stocks recognised as an expense	2,598,823	3,211,326
Operating lease charges	152,100	146,794
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	5,000	4,900
Audit of the company's subsidiaries	16,200	15,800
	<u>21,200</u>	<u>20,700</u>
<b>For other services</b>		
Other assurance services	4,800	338
Taxation compliance services	1,000	1,395
Other taxation services	561	-
	<u>6,361</u>	<u>1,733</u>

Fees payable to the company's previous auditor and associates:

#### For audit services

Audit of the financial statements of the group and company	-	1,000
	<u>          </u>	<u>          </u>

#### For other services

Other taxation compliance and assurance services	-	8,163
	<u>          </u>	<u>          </u>



# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 6 Employees

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

	2016 Number	2015 Number
Directors	5	5
Administration and support	8	8
Production	70	75
	<u>83</u>	<u>88</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,038,408	2,322,073
Social security costs	158,830	171,407
Pension costs	35,041	32,484
	<u>2,232,279</u>	<u>2,525,964</u>
Redundancy payments made or committed	<u>30,000</u>	<u>-</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	346,243	351,054
Company pension contributions to defined contribution schemes	17,428	17,949
Compensation for loss of office	30,000	-
	<u>393,671</u>	<u>369,003</u>

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

Remuneration for qualifying services	66,395	78,385
Company pension contributions to defined contribution schemes	7,367	6,800
Compensation for loss of office	30,000	-
	<u></u>	<u></u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015 - 4).

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 8 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Other interest income	-	5
	<u>          </u>	<u>          </u>

### 9 Interest payable and similar charges

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	37,504	35,374
Interest on finance leases and hire purchase contracts	2,731	1,484
	<u>          </u>	<u>          </u>
	40,235	36,858
<b>Other finance costs:</b>		
Other interest	124,870	238,003
	<u>          </u>	<u>          </u>
Total finance costs	165,105	274,861
	<u>          </u>	<u>          </u>

### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	142,880	281,873
Adjustments in respect of prior periods	-	(938)
	<u>          </u>	<u>          </u>
Total current tax	142,880	280,935
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,013)	1,889
	<u>          </u>	<u>          </u>
Total tax charge	138,867	282,824
	<u>          </u>	<u>          </u>

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 10 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	501,064	1,205,161
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	100,213	253,084
Tax effect of expenses that are not deductible in determining taxable profit	2,194	135
Adjustments in respect of prior years	-	(938)
Depreciation on assets not qualifying for tax allowances	280	294
Amortisation on assets not qualifying for tax allowances	30,791	32,331
Deferred tax adjustments in respect of prior years	-	(1,415)
Tax at marginal rate	-	(667)
Deferred tax on fair value adjustment to land and buildings	5,389	-
Tax expense for the year	138,867	282,824

#### 11 Dividends

	2016 £	2015 £
Final paid	75,000	56,695

#### 12 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	3,079,098
<b>Amortisation and impairment</b>	
At 1 April 2015	423,376
Amortisation charged for the year	153,955
At 31 March 2016	577,331
<b>Carrying amount</b>	
At 31 March 2016	2,501,767
At 31 March 2015	2,655,722

The company had no intangible fixed assets at 31 March 2016 or 31 March 2015.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 13 Tangible fixed assets

Group	Land and buildings freehold	Short leasehold property improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 April 2015	2,200,000	131,552	1,896,761	16,866	54,750	4,299,929
Additions	-	-	47,223	-	-	47,223
Disposals	-	-	(3,081)	-	(44,000)	(47,081)
Revaluation	600,000	-	-	-	-	600,000
At 31 March 2016	2,800,000	131,552	1,940,903	16,866	10,750	4,900,071
<b>Depreciation and impairment</b>						
At 1 April 2015	-	26,140	1,553,127	16,866	15,333	1,611,466
Depreciation charged in the year	-	9,125	109,650	-	7,391	126,166
Eliminated in respect of disposals	-	-	(2,824)	-	(11,974)	(14,798)
At 31 March 2016	-	35,265	1,659,953	16,866	10,750	1,722,834
<b>Carrying amount</b>						
At 31 March 2016	2,800,000	96,287	280,950	-	-	3,177,237
At 31 March 2015	2,200,000	105,412	343,634	-	39,417	2,688,463

The company had no tangible fixed assets at 31 March 2016 or 31 March 2015.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 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 2016 £	2015 £	Company 2016 £	2015 £
Motor vehicles	-	39,417	-	-
Depreciation charge for the year in respect of leased assets	7,391	4,583	-	-

Land and buildings with a carrying amount of £2,200,000 were sold in July 2016 to a third party for £2,800,000. The directors consider this represents the market value of the property as at 31 March 2016 and have therefore revalued land and buildings accordingly.

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 2016 £	2015 £	Company 2016 £	2015 £
Cost	2,200,000	2,200,000	-	-
Accumulated depreciation	-	-	-	-
Carrying value	2,200,000	2,200,000	-	-

The revaluation surplus is disclosed in note 27.

### 14 Investment property

	Group 2016 £	Company 2016 £
<b>Fair value</b>		
At 31 March 2016	-	2,200,000
Net gains or losses through fair value adjustments	-	600,000
At 31 March 2016	-	2,800,000

Investment property comprises property owned by the company which is occupied by a company within the group. The fair value of the investment property has been arrived at on the basis of a transaction which completed in July 2016. The valuation is based on the actual selling price achieved for the property.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 15 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	16	-	-	7,315,100	7,315,100

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.

### 16 Subsidiaries

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
Merriott Plastics Limited	England and Wales	Plastic moulding	Ordinary	100.00	
ICM (Plastic Moulding) Limited	England and Wales	Plastic moulding	Ordinary		100.00
Merriott Plastic Trustee Limited	England and Wales	Dormant	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.

### 17 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,475,814	1,841,978	117,030	70,835
Equity instruments measured at cost less impairment	-	-	7,315,100	7,315,100
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	5,048,653	5,826,473	8,071,490	7,922,306

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 18 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	358,275	327,734	-	-
Work in progress	94,182	79,566	-	-
Finished goods and goods for resale	205,323	310,540	-	-
	<u>657,780</u>	<u>717,840</u>	<u>-</u>	<u>-</u>

### 19 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,358,784	1,771,143	-	-
Unpaid share capital	-	70,835	-	70,835
Other debtors	117,030	-	117,030	-
Prepayments and accrued income	101,094	97,001	-	-
	<u>1,576,908</u>	<u>1,938,979</u>	<u>117,030</u>	<u>70,835</u>

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

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	22	758,994	612,706	86,832	86,832
Obligations under finance leases	23	-	13,140	-	-
Trade creditors		682,529	891,543	-	-
Amounts due to group undertakings		-	-	4,494,228	3,678,228
Corporation tax payable		65,407	165,781	-	-
Other taxation and social security		196,043	274,000	24,892	32,969
Other creditors		10,188	10,188	10,188	10,188
Accruals and deferred income		197,144	242,298	80,444	117,284
		<u>1,910,305</u>	<u>2,209,656</u>	<u>4,696,584</u>	<u>3,925,501</u>

Obligations under finance leases of £nil (2015: £13,140) were secured against the asset to which they related.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Unsecured loan notes	22	2,500,000	3,032,956	2,500,000	3,032,956
Bank loans and overdrafts	22	897,260	984,092	897,260	984,092
Obligations under finance leases	23	-	26,824	-	-
Other borrowings	22	2,538	12,726	2,538	12,726
		<u>3,399,798</u>	<u>4,056,598</u>	<u>3,399,798</u>	<u>4,029,774</u>

Obligations under finance leases included in creditors: amounts falling due after more than one year amounting to £nil (2015: £26,824) were secured against the asset to which they related.

### 22 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Unsecured loan notes	2,500,000	3,032,956	2,500,000	3,032,956
Bank loans	984,092	1,070,924	984,092	1,070,924
Bank overdrafts	672,162	525,874	-	-
Other loans	2,538	12,726	2,538	12,726
	<u>4,158,792</u>	<u>4,642,480</u>	<u>3,486,630</u>	<u>4,116,606</u>
Payable within one year	758,994	612,706	86,832	86,832
Payable after one year	<u>3,399,798</u>	<u>4,029,774</u>	<u>3,399,798</u>	<u>4,029,774</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 loan represents a mortgage which carries interest at 2.5% above the Bank of England base rate. The mortgage is repaid monthly over a period of 60 months with a single final repayment instalment of the remaining balance of the loan following the payment of all monthly instalments. As at 31 March 2016 the number of monthly instalments remaining was 15.

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 60 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 2016

### 23 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	-	13,140	-	-
In two to five years	-	26,824	-	-
	<u>-</u>	<u>39,964</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 24 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:

Group	Liabilities 2016 £	Liabilities 2015 £
Accelerated capital allowances	43,796	52,340
Revaluations	5,389	-
Retirement benefit obligations	(858)	-
	<u>48,327</u>	<u>52,340</u>
	Liabilities 2016 £	Liabilities 2015 £
Company		
Revaluations	5,389	-
	<u>5,389</u>	<u>-</u>
	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 April 2015	52,340	-
Charge to profit or loss	(4,013)	5,389
	<u>48,327</u>	<u>5,389</u>
Liability at 31 March 2016	<u>48,327</u>	<u>5,389</u>

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 24 Deferred taxation

(Continued)

The deferred tax liability set out above relating to revaluations is expected to mature within 12 months of the balance sheet date. The deferred tax liability relating to accelerated capital allowances is expected to mature over a number of years.

### 25 Retirement benefit schemes

	2016	2015
Defined contribution schemes	£	£
Charge to profit and loss in respect of defined contribution schemes	35,041	32,484

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 £4,291 (2015: £2,885) in respect of defined contribution schemes at the balance sheet date.

### 26 Share capital

	Group and company	
	2016	2015
Ordinary share capital	£	£
Issued and fully paid		
20,000 A Ordinary shares of £1 each	20,000	20,000
45,835 B Ordinary shares of £1 each	45,835	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
	100,000	100,000

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.

### 27 Revaluation reserve

The revaluation reserve represents the gain arising on revaluation of freehold land and buildings during the period of £600,000 (2015: £nil).

### 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 2016 the amount owed by the rest of the Group in this respect was £672,162 (2015: £525,874). 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 2016

### 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 2016 £	2015 £	Company 2016 £	2015 £
Within one year	9,581	3,418	-	-
Between two and five years	277,954	80,195	-	-
In over five years	1,795,000	2,382,500	-	-
	<u>2,082,535</u>	<u>2,466,113</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 2016 £	2015 £	Company 2016 £	2015 £
In over five years	-	-	1,375,000	1,595,000
	<u>-</u>	<u>-</u>	<u>1,375,000</u>	<u>1,595,000</u>

The approximate present value of future inflows relating to the above is £1,204,674 (2015: £1,373,003).

### 30 Events after the reporting date

In July 2016 the company sold its property to a third party for £2.8 million. A lease agreement was entered into with the new owners for use of the premises.

In July 2016 the company purchased 9,167 of its B Ordinary shares from the shareholder and subsequently cancelled them.

In August 2016 ICM (Plastic Mouldings) Limited acquired 100% of the share capital of Andiville Limited for total consideration of £384,170 including associated costs.

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 31 Related party transactions

#### Transactions with related parties

	Services received		Provision of finance	
	2016	2015	2016	2015
	£	£	£	£
<b>Company</b>				
Other related parties	36,000	52,667	156,476	238,003

#### Group

During the period a company within the group sold tangible fixed assets at market value to certain of the directors of the group amounting to £257 (2015: £16,500)

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 (2015: £70,000)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
<b>Company</b>		
Other related parties	2,514,001	3,052,723

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2016	2015
	£	£
<b>Company</b>		
Other related parties	117,030	-

No guarantees have been given or received.

### 32 Directors' transactions

Dividends totalling £75,000 (2015 - £56,695) 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 2016

### 33 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	362,197	922,337
Adjustments for:		
Taxation charged	138,867	282,824
Finance costs	165,105	274,861
Investment income	-	(5)
Gain on disposal of tangible fixed assets	(4,124)	(2,658)
Amortisation and impairment of intangible assets	153,955	153,955
Depreciation and impairment of tangible fixed assets	126,166	141,829
Movements in working capital:		
Decrease in stocks	60,060	5,388
Decrease in debtors	304,115	15,846
(Decrease) in creditors	(332,125)	(21,250)
<b>Cash generated from operations</b>	<b>974,216</b>	<b>1,773,127</b>

#### Non-cash transaction

During the period £57,956 of management loan notes were redeemed by way of offset against other debtors of the same amount.

### 34 Reconciliations on adoption of FRS 102

#### Reconciliation of equity - group

	1 April 2014 £	31 March 2015 £
Equity as reported under previous UK GAAP and under FRS 102	864,097	1,729,739

#### Reconciliation of profit or loss - group

	2015 £
Profit or loss as reported under previous UK GAAP and under FRS 102	922,337

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 34 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of equity - group

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Fixed assets</b>						
Goodwill	2,809,677	-	2,809,677	2,655,722	-	2,655,722
Tangible assets	2,700,243	(2,200,000)	500,243	2,688,463	(2,200,000)	488,463
Investment properties	-	2,200,000	2,200,000	-	2,200,000	2,200,000
	<u>5,509,920</u>	<u>-</u>	<u>5,509,920</u>	<u>5,344,185</u>	<u>-</u>	<u>5,344,185</u>
<b>Current assets</b>						
Stocks	723,228	-	723,228	717,840	-	717,840
Debtors	1,954,825	-	1,954,825	1,938,979	-	1,938,979
Bank and cash	30,454	-	30,454	47,329	-	47,329
	<u>2,708,507</u>	<u>-</u>	<u>2,708,507</u>	<u>2,704,148</u>	<u>-</u>	<u>2,704,148</u>
<b>Creditors due within one year</b>						
Loans and overdrafts	(501,923)	-	(501,923)	(612,706)	-	(612,706)
Finance leases	-	-	-	(13,140)	-	(13,140)
Taxation	(157,621)	-	(157,621)	(439,781)	-	(439,781)
Other creditors	(1,439,279)	-	(1,439,279)	(1,144,029)	-	(1,144,029)
	<u>(2,098,823)</u>	<u>-</u>	<u>(2,098,823)</u>	<u>(2,209,656)</u>	<u>-</u>	<u>(2,209,656)</u>
Net current assets	<u>609,684</u>	<u>-</u>	<u>609,684</u>	<u>494,492</u>	<u>-</u>	<u>494,492</u>
Total assets less current liabilities	<u>6,119,604</u>	<u>-</u>	<u>6,119,604</u>	<u>5,838,677</u>	<u>-</u>	<u>5,838,677</u>
<b>Creditors due after one year</b>						
Loans and overdrafts	(5,182,142)	-	(5,182,142)	(4,017,048)	-	(4,029,774)
Finance leases	-	-	-	(26,824)	-	(26,824)
Deferred income	(22,914)	-	(22,914)	(12,726)	-	-
	<u>(5,205,056)</u>	<u>-</u>	<u>(5,205,056)</u>	<u>(4,056,598)</u>	<u>-</u>	<u>(4,056,598)</u>
<b>Provisions for liabilities</b>						
Deferred tax	(50,451)	-	(50,451)	(52,340)	-	(52,340)
Net assets	<u>864,097</u>	<u>-</u>	<u>864,097</u>	<u>1,729,739</u>	<u>-</u>	<u>1,729,739</u>

# MERRIOTT PLASTICS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 34 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Capital and reserves</b>						
Share capital	100,000	-	100,000	100,000	-	100,000
Profit and loss	764,097	-	764,097	1,629,739	-	1,629,739
Total equity	864,097	-	864,097	1,729,739	-	1,729,739

#### Reconciliation of profit or loss for the year - group

Notes	Year ended 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover	8,821,018	-	8,821,018
Cost of sales	(4,969,356)	-	(4,969,356)
Gross loss	3,851,662	-	3,851,662
Administrative expenses	(2,371,645)	-	(2,371,645)
Interest receivable and similar income	5	-	5
Interest payable and similar charges	(274,861)	-	(274,861)
Profit before taxation	1,205,161	-	1,205,161
Taxation	(282,824)	-	(282,824)
Profit for the financial period	922,337	-	922,337

#### Notes to reconciliations on adoption of FRS 102 - group

##### Investment property

Freehold land and buildings with a net book value of £2,200,000 at 1 April 2014 has been reclassified to investment property in the parent company balance sheet as required under FRS 102. This has no effect on the company's net assets nor on the profit for the year.