

Registration number: 03088344

Carclo Technical Plastics Limited
Annual Report and Financial Statements
for the Year Ended 31 March 2017

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Carclo Technical Plastics Limited

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Carclo Technical Plastics Limited

Company Information

Directors

R J Brooksbank

R J Ottaway

C J Malley

P N Ward

Company secretary

R J Ottaway

Registered office

PO Box 88

Ossett

WF5 9WS

Auditors

KPMG LLP

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

Carclo Technical Plastics Limited

Strategic Report for the Year Ended 31 March 2017

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

PRINCIPAL ACTIVITIES

The company's principal activity during the year was the manufacture and sale of injection moulded plastic components for the medical, optical and teletronics industries.

BUSINESS MODEL

The company's strategy is to develop new technologies and products to drive future growth on a global scale. The long term strategic intent is to achieve sustainable earnings growth for the company's shareholders whilst providing innovative and effective solutions for our customers.

This will be achieved by these three key tenets.

Innovation -

Identification of the best new technologies and methodologies to generate innovative solutions in order to introduce new products or to improve current production methods.

Manufacturing -

Development of the innovations alongside our existing capabilities to generate solutions and opportunities for our customers.

Customer Service -

Use of the Carclo group's global manufacturing network and scale to match customer requirements leading to maximised earnings for all involved.

BUSINESS REVIEW AND RESULTS

Turnover at £26,023,038 increased from the prior year (2016: £17,535,570). There was an operating profit before rationalisation costs and amortisation of £771,845 (2016: £364,185 profit). During the period £3,468,266 of exceptionals were recognised; a £2,690,634 provision was made in respect of a debtor from a related party, £217,632 in respect of further closure costs of the company's Harthill, Scotland site and a £610,000 provision as a result of the sub-lessee of a property leased by the company became insolvent.

At the year end the company had net liabilities of £1,105,079 (2016: £1,782,115 assets).

KEY PERFORMANCE INDICATORS

Turnover increased by 48.4% compared to the prior year.

Underlying operating profit margin increased to 3.0% (2016 - 2.1% - profit).

FUTURE DEVELOPMENTS

Manufacturing capacity has increased to satisfy customer demand increase. Growth in the UK medical device market has been strong and we have secured several new programs which will deliver growth into our Mitcham facility.

Carclo Technical Plastics Limited

Strategic Report for the Year Ended 31 March 2017

Principal risks and uncertainties

The major business risk is from the demands of the customer base for sourcing from low cost regions. Although we are generally successful in ensuring that the customer relocates the work to another Carclo facility, this pressure ultimately results in our business losing the work. The uncertainty over the global economic recovery remains and this continues to promote volatility and insecurity for both the industries and customers served by the company which continues to enhance the risk profile for the business.

However the company serves a number of markets, such as medical, which have as yet remained mostly detached from general consumer activity and as such have, to date, been comparatively unaffected by the uncertainty in global demand. However should these markets be impacted then Carclo has a proven track record of acting swiftly to rebalance the supply base with demand.

The company uses engineering polymers to produce finished products. Polymers are produced from feedstock which is linked to oil and polymer prices which move in response to supply and demand and the underlying cost of feedstock. This potentially introduces volatility in the cost of raw materials. The risk is managed in the main by negotiating pass through pricing whereby our customer accepts the risk of movements in base polymer prices.

The company's principal energy requirement is for electricity. Energy costs in the UK have remained relatively stable in recent years following their volatility in the latter part of the last decade. To mitigate the risk of price volatility the company is part of a UK corporate pool which enters into fixed tariffs on rolling contracts, typically six months in duration. This is done in consultation with independent energy consultants.

The company has revenues in various currencies and therefore faces a transaction risk as currencies fluctuate. The company aims to mitigate this risk through a natural hedge whereby sales revenues and costs in each currency are matched as far as practicable.

Approved by the Board on 14/12/2017 and signed on its behalf by:


.....
R J Ottaway
Director

Carclo Technical Plastics Limited

Directors' Report for the Year Ended 31 March 2017

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

RESULTS

The loss for the year, after taxation, amounted to £2,889,345 (2016: £106,155 profit).

STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' of the company

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

R J Brooksbank

R J Ottaway

C J Malley

P N Ward

Carclo Technical Plastics Limited

Directors' Report for the Year Ended 31 March 2017

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2017 (2016 - Nil).

POLITICAL DONATIONS AND EXPENDITURE

During the period the company made no political donations (2016 - Nil).

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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

Registered office:
Springstone House
PO Box 88
27 Dewsbury Road
Ossett
WF5 9WS

Carclo Technical Plastics Limited

Directors' Report for the Year Ended 31 March 2017

Approved by the Board on 14/12/2017 and signed on its behalf by:


.....

R J Ottaway
Director

Carclo Technical Plastics Limited

Independent Auditor's Report to the Members of Carclo Technical Plastics Limited

We have audited the financial statements of Carclo Technical Plastics Limited for the year ended 31 March 2017, set out on pages 9 to 24. 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 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

Carclo Technical Plastics Limited

Independent Auditor's Report to the Members of Carclo Technical Plastics Limited

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Matthew Wilcox (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Date: 14/12/2017

Carclo Technical Plastics Limited

Profit and Loss Account for the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover		26,023,038	17,535,570
Cost of sales		<u>(17,626,315)</u>	<u>(11,117,551)</u>
Gross profit		8,396,723	6,418,019
Administrative expenses		(7,624,878)	(6,053,834)
Exceptional items	21	<u>(3,468,266)</u>	<u>173,464</u>
Operating (loss)/profit		<u>(2,696,421)</u>	<u>537,649</u>
Interest payable and similar charges	4	<u>(61,285)</u>	<u>(44,882)</u>
		<u>(61,285)</u>	<u>(44,882)</u>
(Loss)/profit before tax		(2,757,706)	492,767
Tax on (loss)/profit on ordinary activities	8	<u>(131,639)</u>	<u>(386,612)</u>
(Loss)/profit for the year		<u>(2,889,345)</u>	<u>106,155</u>

The above results were derived from continuing operations.

Carclo Technical Plastics Limited

Statement of Comprehensive Income for the Year Ended 31 March 2017

	Note	2017 £	2016 £
(Loss)/profit for the year		(2,889,345)	106,155
Items that will not be reclassified subsequently to profit or loss			
Surplus on tangible assets revaluation	9	<u>2,151</u>	<u>2,341</u>
Total comprehensive income for the year		<u>(2,887,194)</u>	<u>108,496</u>

Carclo Technical Plastics Limited

**(Registration number: 03088344)
Balance Sheet as at 31 March 2017**

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	10	3,380,562	3,380,562
Tangible assets	9	8,648,783	5,949,541
Deferred tax assets	8	1,875,443	2,211,506
		<u>13,904,788</u>	<u>11,541,609</u>
Current assets			
Stocks	11	3,010,988	2,966,969
Debtors	12	12,040,454	7,773,818
Cash at bank and in hand	13	2,354,418	644,491
Assets Held for Sale	3	200,000	700,000
		<u>17,605,860</u>	<u>12,085,278</u>
Creditors: Amounts falling due within one year	19, 15	<u>(31,754,172)</u>	<u>(21,645,356)</u>
Net current liabilities		<u>(14,148,312)</u>	<u>(9,560,078)</u>
Total assets less current liabilities		(243,524)	1,981,531
Provisions for liabilities	18, 8	<u>(861,555)</u>	<u>(199,416)</u>
Net (liabilities)/assets		<u>(1,105,079)</u>	<u>1,782,115</u>
Capital and reserves			
Called up share capital	14	1,000,001	1,000,001
Revaluation reserve		-	495,210
Profit and loss account		<u>(2,105,080)</u>	<u>286,904</u>
Shareholders' (deficit)/funds		<u>(1,105,079)</u>	<u>1,782,115</u>

Included within Net Assets are the following assets and liabilities classified as held for sale (see note 3)

Approved by the Board on 14/12/2017 and signed on its behalf by:



R J Ottaway
Director

Carclo Technical Plastics Limited

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

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 April 2016	1,000,001	495,210	286,904	1,782,115
Loss for the year	-	-	(2,889,345)	(2,889,345)
Other comprehensive income	-	(10,313)	12,464	2,151
Total comprehensive income	-	(10,313)	(2,876,881)	(2,887,194)
Capital reduction	(484,897)	-	484,897	-
Capitalisation of revaluation reserve and bonus issue of ordinary share	484,897	(484,897)	-	-
At 31 March 2017	1,000,001	-	(2,105,080)	(1,105,079)
	Share capital	Revaluation	Retained earnings	Total
	£	reserve	£	£
	£	£	£	£
At 1 April 2015	1,000,001	505,523	168,095	1,673,619
Profit for the year	-	-	106,155	106,155
Other comprehensive income	-	(10,313)	12,654	2,341
Total comprehensive income	-	(10,313)	118,809	108,496
At 31 March 2016	1,000,001	495,210	286,904	1,782,115

Carclo Technical Plastics Limited

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

1 General information

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

The address of its registered office is:

PO Box 88

Ossett

WF5 9WS

England and Wales

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs. The following exemptions have been taken in these financial statements:

- Business combinations - Business combinations that took place prior to 1 April 2014 have not been restated.
- Fair value or revaluation as deemed cost - At 1 April 2014, fair value has been used as deemed cost for properties previously measured at fair value.

The Company's ultimate parent undertaking, Carclo plc includes the Company in its consolidated financial statements. The consolidated financial statements of Carclo plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Springstone House PO Box 88, 27 Dewsbury Road, Ossett, WF5 9WS.

Carclo Technical Plastics Limited

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

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Carclo plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic review.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Carclo Technical Plastics Limited

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

Revenue recognition

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

The company recognises revenue when:

The amount of revenue can be reliably measured;

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

and specific criteria have been met for each of the company activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Freehold Buildings	2.7%
Leasehold property	10%
Plant & Machinery	10-20%
Motor Vehicles	25%

Carclo Technical Plastics Limited

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

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Cash and cash equivalents

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

Trade debtors

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

Stock

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The 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 inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Carclo Technical Plastics Limited

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

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

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

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Derivatives and hedging

The company uses derivative financial instruments to hedge its exposure to foreign exchange rate risks arising from operational activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement of fair values is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. At the year end no derivative financial instruments qualified for hedge accounting.

3 Assets classified as held for sale

At the year-end surplus land and buildings with a written down value of £0.200 million are reclassified as being held for sale. This relates to the property at the closed Harthill, Scotland site. These assets are being actively marketed with an expectation that they will be sold within the next year.

Carclo Technical Plastics Limited

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

At the year-end surplus land and buildings with a written down value of £0.200 million are reclassified as being held for sale. This relates to the property at the closed Harthill, Scotland site. These assets are being actively marketed with an expectation that they will be sold within the next year.

At the year-end surplus land and buildings with a written down value of £0.200 million are reclassified as being held for sale. This relates to the property at the closed Harthill, Scotland site. These assets are being actively marketed with an expectation that they will be sold within the next year.

4 Interest payable and similar charges

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	61,285	44,882

5 Staff costs

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

	2017	2016
	£	£
Wages and salaries	5,727,662	5,360,598
Social security costs	577,978	513,074
Pension costs, defined contribution scheme	213,090	196,940
	<u>6,518,730</u>	<u>6,070,612</u>

The average number of persons employed by the company (including directors) during the year was 186 (2016 - 166).

6 Directors' remuneration

In respect of the highest paid director:

	2017	2016
	£	£
Remuneration	158,329	119,278

Mr R J Brooksbank and Mr C J Malley were also directors of the holding company and fellow subsidiary undertakings and Mr R Ottaway was also a director of fellow subsidiary undertakings. During their tenure as directors of the company these directors received remuneration of £1,395,155 (2016 - £777,376), all of which was paid by the holding company.

The directors do not believe that it is practicable to apportion this amount between their service as directors of the holding company and the fellow subsidiary undertakings.

Carclo Technical Plastics Limited

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

7 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	23,000	16,000

8 Income tax

Tax charged/(credited) in the profit and loss account

	2017 £	2016 £
Current taxation		
UK corporation tax	147,807	386,612
Deferred taxation		
Arising from changes in tax rates and laws	(16,168)	-
Tax expense in the profit and loss account	131,639	386,612

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

The differences are reconciled below:

	2017 £	2016 £
(Loss)/profit before tax	(2,757,706)	492,767
Corporation tax at standard rate	(551,541)	98,553
Increase (decrease) in current tax from adjustment for prior periods	386,168	147,815
Increase (decrease) from effect of capital allowances depreciation	331,296	238,797
Increase (decrease) arising from group relief tax reconciliation	(220,572)	(98,553)
Increase (decrease) arising from overseas tax suffered (expensed)	202,456	-
Deferred tax expense (credit) relating to changes in tax rates or laws	(16,168)	-
Total tax charge	131,639	386,612

Carclo Technical Plastics Limited

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

Deferred tax

Deferred tax movement during the year:

	At 1 April 2016 £	Recognised in income £	Recognised in other comprehensive income £	At 31 March 2017 £
Accelerated tax depreciation	2,211,506	(336,063)	-	1,875,443
Revaluation of property	(199,416)	-	22,861	(176,555)
Net tax assets/(liabilities)	<u>2,012,090</u>	<u>(336,063)</u>	<u>22,861</u>	<u>1,698,888</u>

Deferred tax movement during the prior year:

	At 1 April 2015 £	Recognised in income £	Recognised in other comprehensive income £	At 31 March 2016 £
Accelerated tax depreciation	2,201,144	10,362	-	2,211,506
Revaluation of property	(206,700)	-	7,284	(199,416)
Net tax assets/(liabilities)	<u>1,994,444</u>	<u>10,362</u>	<u>7,284</u>	<u>2,012,090</u>

Deferred tax assets and liabilities at 31 March 2017 have been calculated based on the rates substantively enacted at the balance sheet date. The UK Finance Bill 2016 provides for reductions in the UK corporation tax rate from 20% to 19% in the year commencing 1 April 2017 and then to 17% from 1 April 2020; these rates became substantively enacted on 26 October 2015 and 6 September 2016 respectively.

9 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2016	2,407,349	8,595,215	11,002,564
Additions	1,552,715	1,934,595	3,487,310
Disposals	-	(54,057)	(54,057)
At 31 March 2017	<u>3,960,064</u>	<u>10,475,753</u>	<u>14,435,817</u>
Depreciation			
At 1 April 2016	233,428	4,819,595	5,053,023
Charge for the year	43,087	676,907	719,994
Eliminated on disposal	38,571	(24,554)	14,017
At 31 March 2017	<u>315,086</u>	<u>5,471,948</u>	<u>5,787,034</u>
Carrying amount			
At 31 March 2017	<u>3,644,978</u>	<u>5,003,805</u>	<u>8,648,783</u>

Carclo Technical Plastics Limited

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

	Land and buildings £	Furniture, fittings and equipment £	Total £
At 31 March 2016	2,173,921	3,775,620	5,949,541

10 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 April 2016	5,200,870	5,200,870
At 31 March 2017	5,200,870	5,200,870
Amortisation		
At 1 April 2016	1,820,308	1,820,308
At 31 March 2017	1,820,308	1,820,308
Carrying amount		
At 31 March 2017	3,380,562	3,380,562
At 31 March 2016	3,380,562	3,380,562

11 Stock

	2017 £	2016 £
Raw materials and consumables	1,167,671	790,172
Finished goods and goods for resale	1,843,317	2,176,797
	3,010,988	2,966,969

12 Trade and other debtors

	2017 £	2016 £
Trade debtors	3,413,585	2,500,195
Debtors from related parties	6,742,379	4,014,568
Accrued income	1,216,718	271,367
Other debtors	667,772	987,688
Total current trade and other debtors	12,040,454	7,773,818

Amounts owed by group undertakings are non-interest bearing, unsecured and have no fixed payment date.

Carclo Technical Plastics Limited

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

13 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	2,354,418	644,491
Bank overdrafts	(3,090,628)	(2,140,685)
Cash and cash equivalents in statement of cash flows	(736,210)	(1,496,194)

14 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary of £1 each	1,000,001	1,000,001	1,000,001	1,000,001

15 Loans and borrowings

	2017 £	2016 £
Current loans and borrowings		
Bank overdrafts	3,090,628	2,140,685

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

The bank overdraft facility is secured by way of a floating charges over other assets of the company. Interest is payable at the floating rate of LIBOR + 1.7%.

16 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2017 £	2016 £
Within one year	441,713	163,950
In two to five years	1,619,871	1,079,078
In over five years	216,880	344,295
	2,278,464	1,587,323

The amount of non-cancellable operating lease payments recognised as an expense during the year was £349,915.

Carclo Technical Plastics Limited

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

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £213,090 (2016 - £196,941).

Contributions amounting to £37,942 (2016 - £14,930) were payable to the scheme at the year end and are included in creditors.

18 Site closure

	Other provisions	Total
	£	£
At 1 April 2016	43,000	43,000
Additional provisions	685,000	685,000
Increase (decrease) in existing provisions	<u>(43,000)</u>	<u>(43,000)</u>
At 31 March 2017	<u>685,000</u>	<u>685,000</u>
Non-current liabilities	<u>440,000</u>	<u>440,000</u>
Current liabilities	<u>245,000</u>	<u>245,000</u>

The £43,000 provision brought forward at 31 March 2016 in respect of the closure of the Harthill, Scotland site was used in full in the period and a further £75,000 was provided at 31 March 2017.

During the year the sub-lessee of a property leased by the company became insolvent. This resulted in a claim being made by the landlord against the company and a £610,000 provision has been recognised during the period.

19 Trade and other creditors

	2017	2016
	£	£
Trade creditors	3,244,707	1,519,742
Accrued expenses	465,301	528,470
Amounts due to related parties	23,786,897	17,306,392
Social security and other taxes	226,070	150,067
Other creditors	<u>940,569</u>	<u>-</u>
	<u>28,663,544</u>	<u>19,504,671</u>

Amounts owed to group undertakings are non-interest bearing, unsecured and have no fixed payment date.

Carclo Technical Plastics Limited

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

20 Contingent liabilities

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2017 the overdraft facilities amounted to £10,000,000 (2016 - £10,000,000) of which £3,745,550 (2016 - £751,989) had been utilised.

The company has also provided an upstream guarantee to the parent company, Carclo plc, in respect of certain bank loan and overdraft facilities. At 31 March 2017 the total bank facilities available to the parent company amounted to £30,000,000 (2016 - £30,000,000) of which £29,406,000 (2016 - £30,746,000) had been utilised.

There is a floating charge over the company's assets in respect of the above guarantees.

The company had £334,000 capital commitments at the period end (2016 - £Nil).

21 Exceptional items

During the period £3,468,266 of exceptionals were recognised, details of which are as follows:

A £2,690,634 provision was made in respect of a debtor from a related party. This was made as the aforementioned related party has ceased activity.

£217,632 in respect of further closure costs of the company's Harthill, Scotland site.

A £610,000 provision has been recognised during the year in as a result of the sub-lessee of a property leased by the company became insolvent. This resulted in a claim being made by the landlord against the company during the period.

22 Parent and ultimate parent undertaking

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Carclo plc, incorporated in England and Wales.

The address of Carclo plc is:
Springstone House
27 Dewsbury Road
Ossett
WF5 9WS