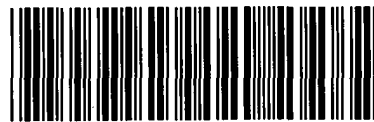


Registration number: 03088344

**Carclo Technical Plastics Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 March 2018**

TUESDAY



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18/12/2018  
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# **Carclo Technical Plastics Limited**

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# **Carclo Technical Plastics Limited**

## **Company Information**

### **Directors**

R J Ottaway

P N Ward

C J Malley

### **Company secretary**

R J Ottaway

### **Registered office**

PO Box 88  
27 Dewsbury Road  
Ossett  
West Yorkshire  
WF5 9WS

### **Solicitors**

Addleshaw Goddard  
3 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4ER

### **Bankers**

HSBC Bank PLC

### **Auditors**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

## **Carclo Technical Plastics Limited**

### **Strategic Report for the Year Ended 31 March 2018**

The directors present their strategic report for the year ended 31 March 2018.

#### **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 £23,269,202 decreased from the prior year (2017: £26,023,038). There was an operating profit before rationalisation costs and amortisation of £634,876 (2017: £771,845). During the year £88,769 of exceptionals were credited; being a £3,000 provision made in respect of a debtor from a related party, £33,819 in respect of further closure costs of the company's Harthill, Scotland site and a £125,588 provision release as a result of the sub-lessee of a property leased by the company.

At the year end the company had net liabilities of £764,729 (2017: £1,105,079).

#### **Key performance indicators**

Turnover decreased by 10.6% compared to the prior year.

Operating profit margin increased to 3.1% (2017 - (10.5)%).

## Carclo Technical Plastics Limited

### Strategic Report for the Year Ended 31 March 2018

#### 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 14/12/18 and signed on its behalf by:



R J Ottaway  
Director

Po Box 88  
27 Dewsbury Road  
Ossett  
West Yorkshire  
WF5 9WS

## **Carclo Technical Plastics Limited**

### **Directors' Report for the Year Ended 31 March 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

#### **Results**

The profit for the year, after taxation, amounted to £257,730 (2017: £2,889,345 loss).

#### **Directors' of the company**

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

R J Brooksbank (Resigned 31 March 2018)

R J Ottaway

P N Ward

C J Malley

#### **Dividends**

No dividends will be distributed for the year ended 31 March 2018 (2017 - Nil).

#### **Political donations and expenditure**

During the period the company made no political donations (2017 - Nil).

#### **Employment of disabled persons**

The company operates and is committed to a global policy of equality that provides a working environment that maintains a culture of respect and reflects the diversity of our employees. It is absolutely committed to offering equal opportunities to all people regardless of their sex, nationality, ethnicity, language, age, status, sexual orientation, religion or disability.

We believe that all employees should be able to work safely in a healthy workplace without fear of any form of discrimination, bullying or harassment.

#### **Employee involvement**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various financial and economic factors affecting the performance of the company.

The company regularly updates its employment policies and all employees have been issued with a staff handbook to keep them up to date with information relating to their employment.

#### **Environmental matters**

It is the company's policy to seek continually to eliminate and, where this is not practicable, to minimise negative environmental impacts from the pursuit of its various business interests whilst continuing to produce high quality products to its customers' requirements.

It is the company's policy to comply with all statutory environmental legislation as a minimum and to aim to improve upon the standards set by the local regulatory authorities.

The results of audits are communicated directly to the group steering committee and to all subsidiary boards and appropriate action is taken.

#### **Social and community issues**

We encourage our businesses to support their local communities through charitable support and education initiatives. We are committed to developing future talent and fully support apprentice schemes and graduate employment.

## **Carclo Technical Plastics Limited**

### **Directors' Report for the Year Ended 31 March 2018**

#### **Future developments**

Market demand for Carclo Technical Plastics products within the medical sector has remained strong. There have been no changes to the entity's target market.

As the company enters the next financial year, its focus is to improve its operating margins through manufacturing initiatives and subsequent efficiency improvements.

#### **Principal risks and uncertainties**

Political uncertainty such as the impact of Brexit and other overseas trade issues such as US trade tariffs and the current political conflict with Russia can naturally affect decisions by our customers to invest and therefore impact on our trading. We review and assess the impact as more information becomes available and we are engaging with trade associations that are in contact with government. Ultimately the company will be able to trade with the member states and will take guidance on any new trading regulations depending on the outcome of negotiations on the future relationship with the European Union.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 14/12/18 and signed on its behalf by:



R J Ottaway  
Director

Po Box 88  
27 Dewsbury Road  
Ossett  
West Yorkshire  
WF5 9WS

## **Carclo Technical Plastics Limited**

### **Statement of Directors' Responsibilities**

#### **Statement of directors' responsibilities in respect of the strategic report, the directors report and the financial statements**

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



## **Carclo Technical Plastics Limited**

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

#### **Opinion**

We have audited the financial statements of Carclo Technical Plastics Limited (the 'Company') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the Accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC's Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## Carclo Technical Plastics Limited

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

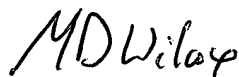
#### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



.....  
Matthew Wilcox (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

Date: 14/12/18

## Carclo Technical Plastics Limited

### Profit and Loss Account for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover		23,269,202	26,023,038
Cost of sales		<u>(5,694,143)</u>	<u>(17,626,315)</u>
Gross profit		17,575,059	8,396,723
Administrative expenses		(17,042,183)	(7,624,878)
Exceptional items	22	<u>88,769</u>	<u>(3,468,266)</u>
Operating profit/(loss)		<u>621,645</u>	<u>(2,696,421)</u>
Interest payable and similar charges	4	<u>(93,482)</u>	<u>(61,285)</u>
		<u>(93,482)</u>	<u>(61,285)</u>
Profit/(loss) before tax		528,163	(2,757,706)
Tax on profit/(loss) on ordinary activities	8	<u>(270,433)</u>	<u>(131,639)</u>
Profit/(loss) for the year		<u>257,730</u>	<u>(2,889,345)</u>

The above results were derived from continuing operations.

The notes on pages 13 to 25 form part of these financial statements

## Carclo Technical Plastics Limited

### Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Profit/(loss) for the year		257,730	(2,889,345)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Surplus on tangible assets revaluation	9	-	2,151
Total comprehensive income for the year		<u>257,730</u>	<u>(2,887,194)</u>

The notes on pages 13 to 25 form part of these financial statements

## Carclo Technical Plastics Limited

(Registration number: 03088344)  
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	3,380,562	3,380,562
Tangible assets	9	11,615,876	8,648,783
Deferred tax assets	8	1,689,615	1,875,443
		<u>16,686,053</u>	<u>13,904,788</u>
<b>Current assets</b>			
Stocks	11	3,862,477	3,010,988
Debtors	12	5,615,393	12,040,454
Cash at bank and in hand	13	1,129,096	2,354,418
Assets held for sale	3	200,000	200,000
		<u>10,806,966</u>	<u>17,605,860</u>
<b>Creditors: Amounts falling due within one year</b>	19, 15	<u>(27,681,553)</u>	<u>(31,754,172)</u>
<b>Net current liabilities</b>		<u>(16,874,587)</u>	<u>(14,148,312)</u>
<b>Total assets less current liabilities</b>		(188,534)	(243,524)
<b>Provisions for liabilities</b>	18, 8	<u>(658,815)</u>	<u>(861,555)</u>
<b>Net liabilities</b>		<u>(847,349)</u>	<u>(1,105,079)</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,000,001	1,000,001
Profit and loss account		<u>(1,847,350)</u>	<u>(2,105,080)</u>
Shareholders' deficit		<u>(847,349)</u>	<u>(1,105,079)</u>

Approved by the Board on 14/12/18 and signed on its behalf by:



R J Ottaway  
Director

The notes on pages 13 to 25 form part of these financial statements

**Carclo Technical Plastics Limited**

**Statement of Changes in Equity for the Year Ended 31 March 2018**

	Share capital £	Retained earnings £	Total £
At 1 April 2017	1,000,001	(2,105,080)	(1,105,079)
Profit for the year	-	257,730	257,730
Total comprehensive income	-	257,730	257,730
At 31 March 2018	1,000,001	(1,847,350)	(847,349)

	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)
Capitalisation of revaluation reserve and bonus issue of ordinary share	484,897	(484,897)	-	-
Capital reduction	(484,897)	-	484,897	-
At 31 March 2017	1,000,001	-	(2,105,080)	(1,105,079)

The notes on pages 13 to 25 form part of these financial statements

## **Carclo Technical Plastics Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **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  
27 Dewsbury Road  
Ossett  
West Yorkshire  
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 2018**

#### **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;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy
- 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**

Notwithstanding net current liabilities of £16,874,587 as at 31 March 2018, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiaries, WIPAC, Carclo Czech, Carclo China and Carclo India, not seeking repayment of the amounts currently due to the group, which at 31 March 2018 amounted to £19,950,353. These companies have indicated that they do not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.



## Carclo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 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 2018**

#### **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 2018**

#### **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.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **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.

#### **Defined benefit pension obligation**

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Carclo PLC is legally the sponsor of the scheme and recognises the net defined cost for the scheme as a whole less the contributions of other plan participants. Accordingly the company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. During the period this charge was £Nil (2017 - £Nil). Full details of the financial assumptions used to assess the scheme's assets and liabilities can be found in the accounts of Carclo PLC. During the year ended 31 March 2011 the company elected to cease future accrual for existing members of the defined benefit scheme and members transferred to the defined contribution scheme.

## Carclo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 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 £200,000 are reclassified as being held for sale. This relates to the property at the closed Harthill, Scotland site. These assets were being actively marketed with an expectation that they will be sold within the next year.

Subsequent to the year end, on 22nd May 2018, these assets were sold for net proceeds of £313,000.

#### 4 Interest payable and similar charges

	2018 £	2017 £
Interest on bank overdrafts and borrowings	93,482	61,285

#### 5 Staff costs

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

	2018 £	2017 £
Wages and salaries	6,274,378	5,727,662
Social security costs	631,938	577,978
Pension costs, defined contribution scheme	251,108	213,090
	<u>7,157,424</u>	<u>6,518,730</u>

The average number of persons employed by the company (including directors) during the year was 206 (2017 - 186).

**Carclo Technical Plastics Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2018**

**6 Directors' remuneration**

In respect of the highest paid director:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>192,463</u>	<u>158,329</u>

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 their remuneration has been disclosed in Carclo PLC financial statements.

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.

**7 Auditors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>24,000</u>	<u>23,000</u>

**8 Income tax**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	-	(386,168)
UK corporation tax in respect of the current period	-	(20,712)
Foreign tax	106,136	202,456
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	183,677	352,231
Arising from changes in tax rates and laws	-	(16,168)
Tax expense in the profit and loss account	<u>289,813</u>	<u>131,639</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

## Carlo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Deferred tax

The differences are reconciled below:

	2018 £	2017 £
Profit/(loss) before tax	528,163	(2,757,706)
Corporation tax at standard rate	100,351	(551,541)
Increase in current tax from adjustment for prior periods	-	(386,168)
Increase from effect of capital allowances depreciation	280,579	331,296
Decrease arising from group relief tax reconciliation	(234,802)	(178,763)
Increase arising from overseas tax suffered	106,136	202,456
Increase/(decrease) from expenses not deductible for tax purposes	18,169	730,527
Deferred tax expense (credit) relating to changes in tax rates or laws	-	(16,168)
Total tax charge	270,433	131,639

Deferred tax movement during the year:

	At 1 April 2017 £	Recognised in income £	At 31 March 2018 £
Accelerated tax depreciation	1,875,443	(185,828)	1,689,615
Revaluation of property	(176,555)	2,152	(174,403)
Net tax assets/(liabilities)	1,698,888	(183,676)	1,515,212

Deferred tax movement during the prior 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)	2,012,090	(336,063)	22,861	1,698,888

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.

## Carclo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 9 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2017	3,960,064	10,475,753	14,435,817
Additions	1,239,402	2,609,710	3,849,112
Disposals	-	(1,100,857)	(1,100,857)
At 31 March 2018	<u>5,199,466</u>	<u>11,984,606</u>	<u>17,184,072</u>
<b>Depreciation</b>			
At 1 April 2017	315,086	5,471,948	5,787,034
Charge for the year	60,998	717,700	778,698
Eliminated on disposal	-	(997,536)	(997,536)
At 31 March 2018	<u>376,084</u>	<u>5,192,112</u>	<u>5,568,196</u>
<b>Carrying amount</b>			
At 31 March 2018	<u>4,823,382</u>	<u>6,692,494</u>	<u>11,615,876</u>
At 31 March 2017	<u>3,644,978</u>	<u>5,003,805</u>	<u>8,648,783</u>

#### Pledged as security

Property with a carrying amount of £2,321,000 (2017 - £2,308,000) has been pledged as security for the group pension scheme.

#### 10 Intangible assets

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 April 2017	<u>5,200,870</u>	<u>5,200,870</u>
At 31 March 2018	<u>5,200,870</u>	<u>5,200,870</u>
<b>Amortisation</b>		
At 1 April 2017	<u>1,820,308</u>	<u>1,820,308</u>
At 31 March 2018	<u>1,820,308</u>	<u>1,820,308</u>
<b>Carrying amount</b>		
At 31 March 2018	<u>3,380,562</u>	<u>3,380,562</u>
At 31 March 2017	<u>3,380,562</u>	<u>3,380,562</u>

## Carclo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 11 Stock

	2018	2017
	£	£
Raw materials and consumables	891,514	1,167,671
Finished goods and goods for resale	2,970,963	1,843,317
	3,862,477	3,010,988

The cost of stock recognised as an expense in the year amounted to £5,592,143 (2017 - £5,910,532). This is included within cost of sales.

The amount of write-down of stock recognised as an expense in the year is £181,161 (2017 - £(78,330)). This is included within cost of sales.

#### 12 Trade and other debtors

	2018	2017
	£	£
Trade debtors	2,653,932	3,413,585
Debtors from related parties	1,668,816	6,742,379
Prepayments and accrued income	699,923	1,216,718
Other debtors	592,722	667,772
	5,615,393	12,040,454

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

#### 13 Cash and cash equivalents

	2018	2017
	£	£
Cash at bank	1,129,096	2,354,418
Bank overdrafts	(3,597,611)	(3,090,628)
Cash and cash equivalents	(2,468,515)	(736,210)

#### 14 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary of £1 each	1,000,001	1,000,001	1,000,001	1,000,001

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## Carclo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 15 Loans and borrowings

	2018 £	2017 £
<b>Current loans and borrowings</b>		
Bank overdrafts	3,597,611	3,090,628

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 + 1.5%.

#### 16 Obligations under leases and hire purchase contracts

##### Operating leases

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

	2018 £	2017 £
Within one year	447,085	441,713
In two to five years	1,571,597	1,619,871
In over five years	421,966	216,880
	<u>2,440,648</u>	<u>2,278,464</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £469,629 (2017 - £349,915)

#### 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 £251,108 (2017 - £213,090).

Contributions totalling £22,273 (2017 - £37,942) were payable to the scheme at the end of the year and are included in creditors.

## Carclo Technical Plastics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 18 Site closure

	<b>Other provisions</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
At 1 April 2017	685,000	685,000
Decrease in existing provisions	(200,588)	(200,588)
At 31 March 2018	484,412	484,412
Non-current liabilities	323,246	323,246
Current liabilities	161,166	161,166

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Of the £685,000 provision brought forward at 31 March 2017, £75,000 was used in the year in respect of the closure of the Harthill, Scotland site. A further £125,588 of surplus property provision was released in the year.

#### 19 Trade and other creditors

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,774,372	3,244,707
Accrued expenses	954,683	465,301
Amounts due to related parties	19,950,353	23,786,897
Social security and other taxes	170,202	226,070
Other creditors	1,234,332	940,569
	24,083,942	28,663,544

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

#### 20 Commitments

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £353,500 (2017 - £Nil).

##### 21 Contingent liabilities

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo PLC subsidiary undertakings. At 31 March 2018 the overdraft facilities amounted to £15,000,000 (2017 - £10,000,000) of which £6,981,000 (2017 - £3,745,550) 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 2018 the total bank facilities available to the parent company amounted to £30,000,000 (2017 - £30,000,000) of which £29,253,000 (2017 - £29,406,000) had been utilised.

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

## **Carclo Technical Plastics Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **22 Exceptional items**

During the period £88,769 credit of exceptionals were recognised, details of which are as follows:

A £3,000 provision was made in respect of a debtor from a related party. This was made as the aforementioned related party has ceased activity.

£33,819 charge in respect of further closure costs of the company's Harthill, Scotland site.

A £125,588 provision release has been recognised during the year in respect of an onerous property lease.

#### **23 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