

REGISTERED NUMBER: 02908446 (England and Wales)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

FOR

ROYDON GRANULATION LIMITED

Sedulo Audit Limited
Statutory Auditors
Regency Court
62-66 Deansgate
Manchester
M3 2EN

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FOR THE YEAR ENDED 31 OCTOBER 2017**

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ROYDON GRANULATION LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2017**

| | |
|----------------------------------|--|
| DIRECTORS: | W Sumner S P Sumner G R Wallwork |
| SECRETARY: | S P Sumner |
| REGISTERED OFFICE: | Units 1-3 Junction Eco Park Rake Lane Swinton M27 8LU |
| REGISTERED NUMBER: | 02908446 (England and Wales) |
| SENIOR STATUTORY AUDITOR: | David Miller |
| AUDITORS: | Sedulo Audit Limited Statutory Auditors Regency Court 62-66 Deansgate Manchester M3 2EN |
| BANKERS: | Barclays Bank Plc 1 Yorkshire Street Rochdale Lancashire OL16 1BH |

ROYDON GRANULATION LIMITED (REGISTERED NUMBER: 02908446)

**BALANCE SHEET
31 OCTOBER 2017**

| | Notes | 31.10.17 £ | £ | 31.10.16 £ | £ |
|--|-------|------------------|------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 4 | | 290,095 | | 340,759 |
| CURRENT ASSETS | | | | | |
| Stocks | | 329,880 | | 432,663 | |
| Debtors | 5 | 1,980,978 | | 1,847,419 | |
| Cash at bank and in hand | | <u>129,295</u> | | <u>29,111</u> | |
| | | 2,440,153 | | 2,309,193 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 6 | <u>1,103,774</u> | | <u>1,547,195</u> | |
| NET CURRENT ASSETS | | | <u>1,336,379</u> | | <u>761,998</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,626,474 | | 1,102,757 |
| PROVISIONS FOR LIABILITIES | 8 | | <u>39,808</u> | | <u>48,249</u> |
| NET ASSETS | | | <u>1,586,666</u> | | <u>1,054,508</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | | | 23,000 | | 23,000 |
| Retained earnings | | | <u>1,563,666</u> | | <u>1,031,508</u> |
| SHAREHOLDERS' FUNDS | | | <u>1,586,666</u> | | <u>1,054,508</u> |

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 27 April 2018 and were signed on its behalf by:

S P Sumner - Director

W Sumner - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

1. STATUTORY INFORMATION

Roydon Granulation Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 for the year ended 31st October 2017 are the first financial statements of Roydon Granulation Limited prepared in accordance with FRS 102. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1st November 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The principal accounting policies adopted are set out below.

The financial statements of the company are consolidated in the financial statements of Roydon Group PLC. The consolidated financial statements of Roydon Group PLC are available from the registered office, Unit 1-3, Junction Eco Park, Rake Lane, Swinton, M27 8LU.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

In the application of the company'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.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents goods delivered and PRN/PERN sales during the year excluding VAT. PRN/PERN sales are recognised on the supply of PRN/PERN's.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|--------------------------------------|----------------------------|
| Leasehold improvements | Over the life of the lease |
| Plant and machinery | 5% - 20 % straight line |
| Plant and machinery - light fittings | 25% straight line |
| Plant and machinery - cages and bins | 50% straight line |
| Office equipment and fittings | 33.3.% 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.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis together with attributable overheads based on normal level of activity, after making due allowance for production losses.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

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.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Exchange differences are taken into account in arriving at the operating profit. Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the the balance sheet dates. Any differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year. The assets of the scheme are held separately from those of the group in an independently administered fund.

Hire purchase and leasing commitments

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017

2. ACCOUNTING POLICIES - continued

Financial instruments

The company 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 company's statement of financial position when the company 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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017

2. ACCOUNTING POLICIES - continued

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.

Determination of financial liabilities

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

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017

2. ACCOUNTING POLICIES - continued

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.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 18 .

4. TANGIBLE FIXED ASSETS

| | Leasehold improvements £ | Plant and machinery £ | Office equipment and fittings £ | Motor vehicles £ | Totals £ |
|---|--------------------------------|-----------------------------|---|------------------------|-------------|
| COST | | | | | |
| At 1 November 2016 and 31 October 2017 | 25,450 | 1,467,599 | 11,220 | 11,086 | 1,515,355 |
| DEPRECIATION | | | | | |
| At 1 November 2016 | 24,195 | 1,128,095 | 11,220 | 11,086 | 1,174,596 |
| Charge for year | 1,255 | 49,409 | - | - | 50,664 |
| At 31 October 2017 | 25,450 | 1,177,504 | 11,220 | 11,086 | 1,225,260 |
| NET BOOK VALUE | | | | | |
| At 31 October 2017 | - | 290,095 | - | - | 290,095 |
| At 31 October 2016 | 1,255 | 339,504 | - | - | 340,759 |

Hire purchase agreements

Included within the net book value of £290,095 is £0 (2016: £21,281) relating to assets held under hire purchase agreements.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.10.17 £ | 31.10.16 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 491,877 | 715,623 |
| Amounts owed by group undertakings | 1,235,295 | 927,233 |
| Other debtors | 253,806 | 204,563 |
| | <u>1,980,978</u> | <u>1,847,419</u> |

All amounts shown under debtors fall due for payment within one year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.10.17 | 31.10.16 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Hire purchase contracts (see note 7) | - | 6,198 |
| Trade creditors | 417,964 | 636,263 |
| Taxation and social security | 94,274 | 52,240 |
| Other creditors | 591,536 | 852,494 |
| | <u>1,103,774</u> | <u>1,547,195</u> |

The amounts advanced under invoice discounting are secured by a cross guarantee and debenture given by all group companies.

7. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

| | Hire purchase contracts | |
|----------------------------|-------------------------|--------------|
| | 31.10.17 | 31.10.16 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | <u>-</u> | <u>6,198</u> |

The company has operating lease commitments of £259,875 (2016: £346,500).

Obligations under finance lease and hire purchase contracts are wholly payable within five years and are effectively secured on the tangible fixed assets to which they relate.

8. PROVISIONS FOR LIABILITIES

| | 31.10.17 | 31.10.16 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Deferred tax | <u>39,808</u> | <u>48,249</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 November 2016 | | 48,249 |
| Accelerated capital allowances | | (8,441) |
| Balance at 31 October 2017 | | <u>39,808</u> |

9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

David Miller (Senior Statutory Auditor)
for and on behalf of Sedulo Audit Limited

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2017

10. **RELATED PARTY DISCLOSURES**

Roydon Recycling UK Limited

During the year the company entered into transactions with Roydon Recycling UK Limited, a company of which Mr G Wallwork and Mrs S P Sumner are directors and shareholders. A balance of £30,000 (2016: £30,000) was owed to Roydon Recycling UK Limited at 31 October 2017, there were no transactions during the year.

Roydon Bottle Recycling Limited

During the year the company entered into transactions with Roydon Bottle Recycling Limited, a company in which Mr G Wallwork and Mrs S P Sumner are directors and shareholders. During the year the company made sales of goods and services to this company of £2,423 (2016: £960) and was charged a management charge of £95,000 (2016 : £Nil). A balance of £95,000 (2016: £72,774) was owed to Roydon Bottle Recycling Limited at 31 October 2017.

11. **PARENT COMPANY**

The financial statements of the company are consolidated in the financial statements of Roydon Group PLC. The consolidated financial statements of Roydon Group PLC are available from the registered office, Unit 1-3, Junction Eco Park, Rake Lane, Swinton, M27 8LU.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.