

Symphony Environmental Limited
Financial statements
For the year ended 31 December 2014

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Company No. 02967867

Company information

Company registration number	02967867
Registered office	6 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
Directors	M Laurier K Frener I Bristow M Stephen
Secretary	I Bristow
Bankers	HSBC Bank Plc 103 Station Road Edgware Middlesex HA8 7JJ
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Statutory Auditors Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

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Strategic report

Principal activities, business review and future developments

The company is principally engaged in the development and supply of environmental plastic products to a global market.

There was a loss for the year after taxation amounting to £386,622 (2013: loss £827,108).

The year resulted in a loss before tax of £455,718 (2013: loss £898,254). The loss before tax was largely due to a provision against group debt of £182,149 (2013: group debt provision £839,254). Delays in the development of new markets resulted in the reduction in revenues. The directors anticipate growth in the revenue of the business going forward.

Key performance indicators

The main key performance indicators for the company are revenue and gross profit percentage. Revenue decreased by 12% from 2013 due to delays in new markets. The gross profit percentage for 2014 has increased to 49.8% from 49.3% in 2013 due to cost savings made in manufacturing.

Financial risk management objectives and policies

The details of the company's financial risk management policies are set out in note 17 to the financial statements.

Principal risks and uncertainties

The directors have identified and continually monitor the principal risks and uncertainties of the company. These may change over time as new risks emerge and others cease to be of concern. The principal risks of the company are detailed below.

Foreign exchange risk

The company sells products in many countries and so generates revenues in US Dollars and Euros. Foreign exchange rates fluctuate and as such, assets created in foreign currencies are liable to constant revaluations into their Sterling equivalent. The company mitigates this risk by purchasing, where practicable, in currencies to match revenues. The company also has exchange facilities with its bank to use as and when appropriate.

Competition risk

The company faces competition from suppliers of similar products which could affect revenues and/or gross margins. The company mitigates this risk by employing a large number of distributors globally who can concentrate on any competition issues within their market, and also by differentiating the company's products by branding and marketing activities.

Raw material pricing and availability

The company uses commodity and speciality materials in the make-up of its products. There is a risk of price volatility and level of material availability. The company mitigates this risk by using more than one supplier of its products and continually researching separate supply alternatives for the materials used.

ON BEHALF OF THE BOARD



I Bristow
Director
10 April 2015

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

Research and development

The company is involved in research and development of degradable and environmental polyolefins.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (2013: £nil).

Directors

The directors who served the company throughout the year were as follows:

M Laurier
I Bristow
M Stephen
K Frener

The company has taken out insurance for its directors against liabilities in relation to the company under Section 233 of the Companies Act 2006.

Directors' Responsibilities Statement

The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors (continued)

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Going concern

Management have prepared a cash flow forecast for the ensuing twelve months from the approval of the financial statements where a forecast increase in sales will lead to increased cash through the use of the invoice discounting facility. The company has continued to make significant investment into new product development and anticipates sales growth from the launch of some of these products in the forthcoming year. Having reviewed the cash flow forecasts and the available headroom within existing facilities believe that the company has sufficient cash resources to meet debt obligations as they fall due. For these reasons, the Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

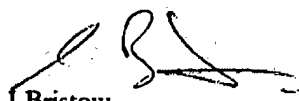
Auditors

Grant Thornton UK LLP offer themselves for re-appointment as auditors in accordance with section 485 of the Companies Act 2006.

Authority to issue

The financial statements of the company for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the report of the directors.

ON BEHALF OF THE BOARD



I Bristow
Director
10 April 2015

Independent auditor's report to the members of Symphony Environmental Limited

We have audited the financial statements of Symphony Environmental Limited for the year ended 31 December 2013 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes. 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).

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeprivate.

Opinion on 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 December 2014 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Symphony Environmental Limited (continued)

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.



Giles Mullins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor, Chartered Accountants
Central Milton Keynes
10 April 2015

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with UK GAAP and on the going concern basis.

The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

Going concern

Management have prepared a cash flow forecast for the ensuing twelve months from the approval of the financial statements where a forecast increase in sales will lead to increased cash through the use of the invoice discounting facility. The company has continued to make significant investment into new product development and anticipates sales growth from the launch of some of these products in the forthcoming year. Having reviewed the cash flow forecasts and the available headroom within existing facilities believe that the company has sufficient cash resources to meet debt obligations as they fall due. For these reasons, the Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Consolidation

The company is a wholly-owned subsidiary of another company incorporated in the EC and in accordance with section 400 of the Companies Act 2006 is not required to produce, and has not published, consolidated accounts. The accounts are for the individual undertaking and not the group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover is the revenue arising from the sales of goods supplied, excluding VAT and trade discounts. It is stated at the fair value of the consideration receivable.

Revenue is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which maybe based on shipment or delivery depending upon the specific contract terms.

Principal accounting policies (continued)

Research and Development

Expenditure on research (or the internal phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the company intends to complete the intangible asset and use or sell it;
- the company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

Capitalised development costs are reviewed annually for impairment by review of the assets technical capabilities and assessment of commerciality in the marketplace.

Intangible fixed assets

Trademarks are included at cost.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks - 10 years

Development costs - 15 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 20% reducing balance
Fixtures and fittings	- 20% reducing balance
Fixtures and fittings; Elstree Gate	- 10% straight line
Motor vehicles	- 25% reducing balance
Computer equipment	- 25% straight line

Principal accounting policies (continued)

Investments

Investments are included at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance leases receivable

Goods sold under finance leases are recognised as a sale on the date of the finance lease agreement or if later, when substantially all the risks and rewards of ownership of the asset have passed to the lessee. The capital element of future lessee obligations is included in assets in the balance sheet.

The interest elements of the rental obligations are credited to the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Foreign currencies

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

Principal accounting policies (continued)

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception: deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Equity settled share based payments

Warrants granted to employees in the ultimate parent company which relate to salary sacrifices of employees employed by this company are attributed a fair value by reference to the services provided. This fair value is charged to the profit and loss account when the service is provided with a corresponding credit taken to shareholders' funds.

Significant accounting estimates and judgements

Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those actions.

In preparing these accounts the following areas were considered to involve significant judgement:

Recognition of deferred tax assets

Judgements relating to a deferred tax asset are detailed in Note 8.

Recoverability of capitalised development cost

Judgements relating to capitalised development costs are detailed in Note 9.

Profit and loss account

	Note	2014 £	2013 £
Turnover	1	6,352,046	7,189,571
Cost of sales		<u>(3,191,106)</u>	<u>(3,644,156)</u>
Gross profit		3,160,940	3,545,415
Other operating charges	2	<u>(3,442,357)</u>	<u>(4,346,369)</u>
Operating loss	3	<u>(281,417)</u>	<u>(800,954)</u>
Interest receivable	6	949	26,635
Interest payable and similar charges	7	<u>(175,250)</u>	<u>(123,935)</u>
Loss on ordinary activities before taxation		<u>(455,718)</u>	<u>(898,254)</u>
Tax on loss on ordinary activities	8	69,096	71,146
Loss for the financial year	22	<u><u>(386,622)</u></u>	<u><u>(827,108)</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying notes and accounting policies form part of these financial statements.

Balance sheet

Company Number 2967867

	Note	2014 £	2013 £
Fixed assets			
Intangible assets	9	1,145,063	937,674
Tangible assets	10	367,522	382,093
Investments	11	5	5
		<u>1,512,590</u>	<u>1,319,772</u>
Current assets			
Deferred tax	8	1,142,000	1,142,000
Stocks	12	575,847	528,354
Debtors due within one year	13	1,410,900	1,355,656
Debtors due after one year	13	20,038	-
Cash at bank and in hand		668	120,789
		<u>3,149,453</u>	<u>3,146,799</u>
Creditors: amounts falling due within one year	14	<u>1,313,121</u>	<u>1,495,526</u>
Net current assets		<u>1,836,332</u>	<u>1,651,273</u>
Total assets less current liabilities		<u>3,348,922</u>	<u>2,971,045</u>
Creditors: amounts falling due after more than one year	15	<u>3,277,720</u>	<u>2,513,221</u>
		<u>71,202</u>	<u>457,824</u>
Capital and reserves			
Called-up equity share capital	21	20,000	20,000
Profit and loss account	22	51,202	437,824
Shareholders' funds	23	<u>71,202</u>	<u>457,824</u>

These financial statements were approved by the directors on 10 April 2015 and are signed on their behalf by:



I Bristow
Director

The accompanying notes and accounting policies form part of these financial statements.

1 Turnover

An analysis of turnover by geographical market is shown below:

	2014 £	2013 £
UK	273,544	336,813
Europe	1,131,422	1,161,401
Americas	3,060,145	3,405,722
Other	1,886,935	2,285,635
	<u>6,352,046</u>	<u>7,189,571</u>

2 Other operating charges

	2014 £	2013 £
Charges:		
Distribution costs	165,214	178,981
Administrative expenses - recurring	3,277,143	4,091,676
Administrative expenses – non-recurring	-	75,712
	<u>3,442,357</u>	<u>4,346,369</u>

Within administrative expenses is an amount of £182,149 (2013: £839,054) being a provision against a group company debt.

3 Operating loss

Operating loss is stated after charging:

	2014 £	2013 £
Depreciation of owned fixed assets	85,031	105,075
Depreciation of assets held under finance leases and hire purchase agreements	2,516	8,617
Amortisation	29,268	29,268
Loss on disposal of fixed asset	9,729	-
Research and development expenditure not capitalised	406,000	382,898
Operating lease costs:		
Plant and equipment	5,326	5,452
Land and buildings	<u>93,153</u>	<u>132,420</u>

The auditors' remuneration has been paid by the ultimate parent company, Symphony Environmental Technologies plc, and is part of the management charge payable to that company.

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2014 No	2013 No
Technical and testing	4	7
Selling and distribution	8	8
Administration	8	8
Management	4	4
Marketing	-	1
	<u>24</u>	<u>28</u>

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	1,548,983	1,658,491
Social security costs	191,105	195,341
Other pension costs	74,750	76,358
	<u>1,814,838</u>	<u>1,930,190</u>

5 Directors

Remuneration in respect of directors was as follows:

	2014 £	2013 £
Emoluments receivable	663,448	656,436
Pension contributions	75,525	74,525
	<u>737,973</u>	<u>730,961</u>

Emoluments of highest paid director:

	2014 £	2013 £
Total emoluments	210,953	209,442
Value of company pension contributions	50,000	50,000
	<u>260,953</u>	<u>259,442</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2014 No	2013 No
Money purchase schemes	<u>3</u>	<u>3</u>

6 Interest receivable

	2014	2013
	£	£
Bank interest received	721	-
Finance lease interest received	190	4,538
Inter-company interest receivable	38	22,097
	<u>949</u>	<u>26,635</u>

7 Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	4,244	4,639
Interest payable on other loans	37,400	15,020
Finance charges in respect of hire purchase contracts	1,199	2,506
Other similar charges payable	23,242	17,816
Inter-company interest payable	109,165	83,954
	<u>175,250</u>	<u>123,935</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2014	2013
	£	£
R&D tax credit	69,096	145,146
Deferred income tax charge	-	(74,000)
	<u>69,096</u>	<u>(71,146)</u>

A net deferred tax charge of £nil (2013: charge £74,000) was recognised during the year. Tax losses of £13,300,000 are carried forward and are available to be used against future taxable profits.

Deferred income tax asset

	2014	2013
	£	£
Deferred income tax asset brought forward	1,142,000	1,216,000
Change in tax rate	-	(171,000)
Recognised in the year	-	97,000
Deferred income tax asset carried forward	<u>1,142,000</u>	<u>1,142,000</u>

The recognition of the deferred income tax asset is based on sensitised forecasts. Judgements have been made in respect to continuation of profitability going forward, and estimates made in relation to the sensitivities of future sales and exchange rates.

8 Taxation on ordinary activities (continued)

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 21% (2013: 23%). The differences are explained below:

(b) Factors affecting current tax charge

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(455,718)</u>	<u>(898,254)</u>
Profit on ordinary activities multiplied by rate of tax	(95,701)	(206,598)
Effective rate 21.5% (3m @ 23% and 9m @ 21%)	(2,278)	(2,246)
Expenses not deductible for tax purposes	6,273	7,480
Depreciation in excess of capital allowances in period	-	10,807
Capital allowances in excess of depreciation in period	(6,154)	-
R&D tax relief	27,434	(18,904)
Inter-company interest receivable	(8)	(5,138)
Inter-company interest payable	23,470	19,519
Provision tax adjustment	39,162	195,080
Tax losses not utilised	7,802	-
Movement in deferred income tax asset	-	(74,000)
R&D tax credit	69,096	145,146
Total current tax (note 8(a))	<u>69,096</u>	<u>71,146</u>

9 Intangible fixed assets

	Trademarks £	Development Costs £	Total £
Cost			
At 1 January 2014	62,114	1,053,748	1,115,862
Additions	1,633	235,024	236,657
At 31 December 2014	<u>63,747</u>	<u>1,288,772</u>	<u>1,352,519</u>
Amortisation			
At 1 January 2014	39,366	138,822	178,188
Additions	5,364	23,904	29,268
At 31 December 2014	<u>44,730</u>	<u>162,726</u>	<u>207,456</u>
Net book value			
At 31 December 2014	<u>19,017</u>	<u>1,126,046</u>	<u>1,145,063</u>
At 31 December 2013	<u>22,748</u>	<u>914,926</u>	<u>937,674</u>

In capitalising development costs, judgements are made relating to ongoing feasibility and commerciality of products being developed. In making these judgements, cashflow forecasts are used and these include significant estimates in respect to sales forecasts and future foreign exchange rates. Research and development costs expensed in the profit and loss account for the period, excluding amortisation, totalled £406,000 (2013: £382,000)

10 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Fixtures and Fittings Elstree Gate £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 January 2014	333,663	67,020	241,633	68,539	174,961	885,816
Additions	11,763	-	51,423	-	13,852	77,038
Trf to/(from) other class	8,377	-	(8,377)	-	-	-
Trf to/(from) Inter Co	5,666	-	-	-	-	5,666
Disposals	(5,327)	(67,020)	-	-	-	(72,347)
At 31 December 2014	<u>354,142</u>	<u>-</u>	<u>284,679</u>	<u>68,539</u>	<u>188,813</u>	<u>896,173</u>
Depreciation						
At 1 January 2014	163,760	60,385	83,861	48,649	147,068	503,723
Charge for the year	35,601	1,967	26,853	4,972	18,154	87,547
Trf to/(from) other class	2,373	-	(2,373)	-	-	-
Disposals	(267)	(62,352)	-	-	-	(62,619)
At 31 December 2014	<u>201,467</u>	<u>-</u>	<u>108,341</u>	<u>53,621</u>	<u>165,222</u>	<u>528,651</u>
Net book value						
At 31 December 2014	<u>152,675</u>	<u>-</u>	<u>176,338</u>	<u>14,918</u>	<u>23,591</u>	<u>367,522</u>
At 31 December 2013	<u>169,903</u>	<u>6,635</u>	<u>157,772</u>	<u>19,890</u>	<u>27,893</u>	<u>382,093</u>

Included within the net book value of £367,522 is £2,103 (2013: £4,619) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,516 (2013: £8,617).

11 Investments

	Shares in Group undertakings £
Cost	
At 1 January 2014	5
Impairment provision	-
At 31 December 2014	<u>5</u>
Net book value	
At 31 December 2014	<u>5</u>
At 31 December 2013	<u>5</u>

At 31 December 2014 the company held 100% of the ordinary share capital of Symphony Packaging Limited, d2w Ltd and Symphony Plastics (2010) Limited. All of these companies are incorporated in England and Wales, and have been dormant throughout the current and preceding period.

The company holds 30% of the ordinary share capital of Symphony Bin Hilal Plastics LLC, a company incorporated in the United Arab Emirates.

11 Investments (continued)

The directors are of the opinion that this is an investment as the directors do not have significant influence because they have no financial or management control. The investment in Symphony Bin Hilal Plastics LLC is measured at cost less impairment charges as the fair value cannot be estimated readily. The cost of this investment was £nil.

The company holds 10% of the ordinary share capital of American Plastic Technologies Plc, a company incorporated in the United States of America. The directors are of the opinion that this is an investment as the directors do not have significant influence because they have no financial or management control. The investment in American Plastics Technologies plc is measured at cost less impairment charges as the fair value cannot be estimated readily. The cost of this investment was £nil.

12 Stocks

	2014 £	2013 £
Finished goods and goods for resale	575,847	528,354
	<u>575,847</u>	<u>528,354</u>

13 Debtors

	2014 £	2013 £
Trade debtors	1,273,621	1,162,369
Amounts owed by group undertakings	20,038	-
VAT recoverable	53,942	78,113
Finance leases receivable	12,494	24,944
Other debtors	13,000	19,233
Prepayments and accrued income	57,843	70,997
	<u>1,430,938</u>	<u>1,355,656</u>

The debtors above include the following amounts falling due after more than one year:

	2014 £	2013 £
Amounts owed by group undertakings	20,038	-
	<u>20,038</u>	<u>-</u>

14 Creditors: amounts falling due within one year

	2014	2013
	£	£
Bank overdrafts	352,789	101,182
Invoice finance creditor	146,934	579,091
Trade creditors	443,247	478,074
Other taxation and social security	71,252	75,577
Amounts due under finance leases and hire purchase agreements	3,088	8,900
Other creditors	150,000	150,000
Accruals and deferred income	145,811	102,702
	<u>1,313,121</u>	<u>1,495,526</u>

14 Creditors: amounts falling due within one year (continued)

The bank overdrafts and invoice finance creditor are secured by a fixed charge over the company's fixed assets, a fixed charge over the company's debtors and a floating charge over all other assets.

15 Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Amounts owed to group undertakings	3,277,494	2,509,906
Amounts due under finance leases and hire purchase agreements	226	3,315
	<u>3,277,720</u>	<u>2,513,221</u>

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2014	2013
	£	£
Amounts payable within 1 year	3,088	8,901
Amounts payable between 1 and 2 years	226	3,088
Amounts payable between 2 and 5 years	-	226
	<u>3,314</u>	<u>12,215</u>

17 Financial instruments

The company uses various financial instruments which include cash, overdrafts, intra group borrowings, equity and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk, currency risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The intra group borrowings and trade creditors do not attract interest and are therefore only subject to fair value interest rate risk which is a benefit to the company. This benefit is partly offset by trade debtors which also do not attract interest.

The bank borrowings are at floating rate based on LIBOR and the company does not hedge this risk which is partly offset by the floating rate interest on its cash balances.

Currency risk

The company operates in overseas markets and is subject to currency exposure on transactions undertaken during the year. The company does not hedge any transactions.

17 Financial instruments (continued)

Liquidity risk

The company seeks to manage financial risk, to ensure financial liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through bank and intra group borrowing facilities.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references and these limits are reviewed regularly.

Fair value of financial assets and liabilities

The directors have given serious consideration and have reached the conclusion that there is no significant difference between book and fair value of assets and liabilities of the company at the balance sheet date.

18 Leasing commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	9,850	-	-	-
Within 2 to 5 years	-	4,976	106,708	6,176
In greater than 5 years	113,604	-	-	-
	<u>123,454</u>	<u>4,976</u>	<u>106,708</u>	<u>6,176</u>

19 Contingent liabilities

The company has guaranteed all monies due to HSBC Bank plc by Symphony Plastics (2010) Limited and Symphony Environmental Technologies plc. At 31 December 2014, the net indebtedness of these companies amounted to £nil (2013: £nil).

20 Related party transactions

As a wholly owned subsidiary of Symphony Environmental Technologies plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Symphony Environmental Technologies plc.

21 Share capital

Authorised share capital:

	2014	2013
	£	£
50,000,000 Ordinary shares of £0.01 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £0.01 each	<u>2,000,000</u>	<u>20,000</u>	<u>2,000,000</u>	<u>20,000</u>

22 Reserves

	Ordinary Share Capital £	Profit and loss account £
At 1 January 2014	20,000	437,824
Loss for the year	-	(386,622)
At 31 December 2014	<u>20,000</u>	<u>51,202</u>

23 Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Loss for the financial year	(386,622)	(827,108)
Opening shareholders' equity	<u>457,824</u>	<u>1,284,932</u>
Closing shareholders' equity	<u>71,202</u>	<u>457,824</u>

24 Ultimate parent company

The directors consider that the ultimate parent undertaking of this company is its parent company, Symphony Environmental Technologies plc, incorporated in England and Wales.

Symphony Environmental Technologies plc is this company's controlling related party by virtue of its majority shareholding.

The largest group of undertakings for which group accounts have been drawn up is that headed by Symphony Environmental Technologies plc which is registered in England and Wales. Copies of the group accounts can be obtained from 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD.

25 Post balance sheet events

There have been no material post balance sheet events.

26 Capital commitments

The company had capital commitments totalling £nil at the end of the year (2013: £nil).