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Registration number: 02225761

Euroresins UK Limited

Annual Report and Audited Financial Statements

for the Year Ended 31 December 2017



Euroresins UK Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Independent Auditor's Report	6 to 7
Statement of Income and Retained Earnings	8
Balance Sheet	9
Notes to the Financial Statements	10 to 22

Euroresins UK Limited

Company Information

Directors M Abagnale
K Johnson
B Chaing
Company secretary C L Thompson

Registered office Cloister Way
Bridges Road
Ellesmere Port
Cheshire
CH65 4EL

Statutory Auditor Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Euroresins UK Limited

Strategic Report for the Year Ended 31 December 2017

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

Results and dividends

The company made a profit for the year, after taxation, amounting to £381,001 (2016: £756,066). No dividend has been paid in 2017 (2016: £Nil). The directors do not recommend payment of a final dividend. The retained profit of £381,001 will be transferred to reserves.

Fair review of the business

Trading during 2017 has remained difficult following the Brexit vote, as the less favourable exchange rate has increased pressure in pricing and margins, with a significant proportion of products imported from Europe. During the year the company had hedged part of its exposure to Euros although this has stopped at the end of the year. There is also significant competitive pressure in the market place.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£000	23,946	25,951

The main KPI used within the business for 2017 to monitor performance is turnover excluding intercompany transactions.

Euroresins UK Limited

Strategic Report for the Year Ended 31 December 2017

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as: competitive, legislative, foreign currency, interest rate, credit and liquidity risk.

Competitive risk

The UK market is at risk from imports from outside Europe at cheaper prices. Changes in technology also can have an effect on the market. Pricing within the commercial and supply chain can be uncertain due to the nature of some of the raw materials.

Legislative risk

Legislative (compliance) risks concern issues such as health and safety, environmental, trade description, consumer protection, data protection, employment practices and regulatory issues. The company must identify the risks, assign accountability and allocate the appropriate resources to mitigate the risk. Failure to comply will potentially have a detrimental affect on the company, ranging from additional costs to possible cessation of operations.

Besides UK and European Standards, the company also applies its own strict internal compliance requirements.

Foreign currency risk

The company has operations outside of the UK and it buys and sells goods and services denominated in currencies other than sterling. As a result, the value of the company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and in the Euro rate in particular. The company's transactional currency exposure arises from sales or purchases in currencies other than its functional currency.

During the prior year the company entered into a foreign currency forward contract to hedge its exposure to changes in the Euro exchange rate. This expired during the current year.

Interest rate risk

The company is exposed to interest rate risk on its intercompany loans with other members of the group and in respect of its invoice finance facility.

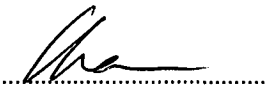
Credit risk

During 2017 the company continued to focus on reducing overdue amounts and constantly updated the targets set for overdue accounts, debtors' days and doubtful debts expense against which performance is monitored.

Liquidity risk

The company mitigates liquidity risk by managing cash generation by its operations, applying cash collection targets and setting authorisation limits for investment.

Approved by the Board on 13 September 2018 and signed on its behalf by:



B Chaing
Director

Euroresins UK Limited

Directors' Report for the Year Ended 31 December 2017

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

Principal activity

The principal activity of the company is the distribution of products to the thermoset industry.

Directors of the company

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

M Abagnale

K Johnson

B Chaing

Financial instruments

Objectives and policies

The company does not have a formal treasury team. This function is performed by local management and the parent company. Financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities. During the prior year the company entered into a forward contract to hedge its exposure to Euro exchange rate movements.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations, including Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Euroresins UK Limited

Directors' Report for the Year Ended 31 December 2017

Disclosure of information to auditor

The directors confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as 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 are responsible for preparing the annual report in accordance with applicable law and regulations. The directors considers the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.

Approved by the Board on 13 September 2018 and signed on its behalf by:



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B Chaing
Director

Independent auditor's report to the members of Euroresins UK Limited**Opinion**

We have audited the financial statements of Euroresins UK Limited for the year ended 31 December 2017 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

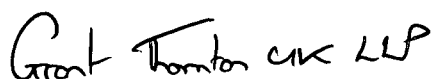
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Marc Summers BSc (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 13/09/18

Euroresins UK Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	23,945,967	25,950,657
Cost of sales		<u>(21,610,540)</u>	<u>(22,833,467)</u>
Gross profit		2,335,427	3,117,190
Distribution costs		(1,114,301)	(1,484,724)
Administrative expenses		(1,271,340)	(1,324,243)
Other operating income	4	<u>-</u>	<u>853,242</u>
Operating (loss)/profit	5	<u>(50,214)</u>	<u>1,161,465</u>
Finance income	6	566,358	76,540
Finance costs	7	<u>(134,223)</u>	<u>(445,863)</u>
		<u>432,135</u>	<u>(369,323)</u>
Profit before tax		381,921	792,142
Taxation	10	<u>(920)</u>	<u>(36,076)</u>
Profit for the financial year		381,001	756,066
Retained earnings brought forward		<u>5,399,414</u>	<u>4,643,348</u>
Retained earnings carried forward		<u><u>5,780,415</u></u>	<u><u>5,399,414</u></u>


Euroresins UK Limited

(Registration number: 02225761)

Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	-	2,342
Tangible assets	12	<u>16,541</u>	<u>-</u>
		<u>16,541</u>	<u>2,342</u>
Current assets			
Stocks	13	2,221,281	2,425,576
Debtors	14	16,644,575	13,834,803
Cash at bank		<u>350,345</u>	<u>104,310</u>
		19,216,201	16,364,689
Creditors: Amounts falling due within one year	15	<u>(9,152,325)</u>	<u>(6,666,875)</u>
Net current assets		<u>10,063,876</u>	<u>9,697,814</u>
Total assets less current liabilities		10,080,417	9,700,156
Provisions for liabilities	16	<u>-</u>	<u>(740)</u>
Net assets		<u>10,080,417</u>	<u>9,699,416</u>
Capital and reserves			
Called up share capital	17	4,300,002	4,300,002
Profit and loss account	18	<u>5,780,415</u>	<u>5,399,414</u>
Total equity		<u>10,080,417</u>	<u>9,699,416</u>

Approved and authorised by the Board on 13 September 2018 and signed on its behalf by:

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B Chaing
Director

Euroresins UK Limited

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

1 General information

The company is a private company limited by share capital, incorporated in Great Britain.

The address of its registered office and principal place of business is:

Cloister Way
Bridges Road
Ellesmere Port
Cheshire
CH65 4EL

These financial statements were authorised for issue by the Board on 13 September 2018.

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.

Statement of compliance

These financial statements were 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.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in Sterling which is the functional currency of the company and rounded to the nearest £.

Summary of disclosure exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken the advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company has adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instruments disclosures, including:
 - i) categories of financial instruments,
 - ii) items of income, expenses, gains or losses relating to financial instruments, and
 - iii) exposure to and management of financial risks
- key management personnel compensation in total.

Going concern

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

Euroresins UK Limited

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

Revenue recognition

Turnover 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. Turnover is shown net of value added tax, returns and discounts.

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's activities.

Turnover from sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. This is usually at the point that the goods have been dispatched to the customer.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets less estimated residual value, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold land and buildings	10% per annum straight line
Furniture, fittings and equipment	10% per annum straight line
Other property, plant and equipment	25-33% per annum straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business.

Trade debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss in other administrative expenses.

Euroresins UK Limited

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted-average cost method.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors with no stated interest rate and payable within one year are recorded at transaction price.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

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.

Defined contribution pension obligation

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

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Euroresins UK Limited

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

Financial instruments

Classification

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.

Recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions set out by FRS 102 to be classified as basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Other employee benefits

When employees have rendered a service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Cash flow hedges

The portion of gain or loss of the hedging instrument that was determined to be an effective hedge is recognised directly in equity and forms part of the hedge reserve.

The ineffective portion of the change in fair value of the hedging instrument is recognised within finance costs. If the cash flow hedge relates to an underlying transaction which results in the recognition of a non-financial asset, the associated gain or loss on the derivative that had been previously recognised in equity is recognised in the initial measurement of the asset arising from the hedged transaction. For hedges that relate to an underlying transaction which results in recognition of a financial asset or liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects the profit or loss.

Euroresins UK Limited

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period if the revision and future periods of the revision affects both current and future periods.

Judgements

Stock valuation - Stocks are stated at the lower of cost and net realisable value. The determination of stock provisions requires significant judgement. In making this judgement the company evaluates amongst other factors the age and physical condition of stock and its expected saleability based on forecast demand for the products taking into account expected trading conditions.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Sale of goods	<u>23,945,967</u>	<u>25,950,657</u>

The analysis of the company's revenue for the year by market is as follows:

	2017 £	2016 £
UK	23,011,322	24,769,756
Europe	<u>934,645</u>	<u>1,180,901</u>
	<u>23,945,967</u>	<u>25,950,657</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017 £	2016 £
Exceptional item - termination of agency agreement	<u>-</u>	<u>853,242</u>

Following the company's acquisition by Cathay Investments Limited in 2015 the operations of another Cathay group company in the UK were transferred into Euroresins UK Limited during the latter part of 2015. This helped the company to grow turnover taking on customers from the other part of the group. In 2016 the company agreed to terminate its agency agreement with Aliancys AG, retaining its distribution agreement. The compensation on termination was recognised in the prior year Income Statement as an exceptional item.

Euroresins UK Limited

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

5 Operating (loss)/profit

Arrived at after charging

	2017 £	2016 £
Depreciation expense	1,320	-
Auditor's remuneration for audit services	22,500	19,000
Auditor's remuneration - Tax services	-	6,000
Foreign exchange losses	464,097	842,591
Operating lease expense - property	98,750	72,168
Operating lease expense - plant and machinery	75,648	77,985
Exceptional item - finance facility fees	-	60,363
Exceptional item - legal fees	14,423	-
Exceptional item - cost of transferring stock	7,255	-

6 Finance income

	2017 £	2016 £
Net changes in fair value of cash flow hedges	366,749	-
Interest from group companies	199,453	76,238
Other interest receivable	156	302
	<u>566,358</u>	<u>76,540</u>

7 Finance costs

	2017 £	2016 £
Other interest payable	256	11
Net changes in fair value of cash flow hedges	-	366,749
Other finance costs	66,550	35,954
Interest payable on loans from group undertakings	67,417	43,149
	<u>134,223</u>	<u>445,863</u>

Euroresins UK Limited

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

8 Staff costs

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

	2017	2016
	£	£
Wages and salaries	792,094	1,063,848
Social security costs	81,856	120,921
Staff pensions	34,782	45,379
Redundancy costs	-	8,930
	<u>908,732</u>	<u>1,239,078</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017	2016
	No.	No.
Administration and support	14	15
Sales	6	8
Distribution	3	9
	<u>23</u>	<u>32</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	<u>-</u>	<u>96,049</u>

Euroresins UK Limited

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

10 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	-	33,117
UK corporation tax adjustment to prior periods	2,607	-
	<u>2,607</u>	<u>33,117</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(1,687)	2,959
Tax expense in the income statement	<u>920</u>	<u>36,076</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>381,921</u>	<u>792,142</u>
Corporation tax at standard rate	73,520	158,428
Effect of expense not deductible in determining taxable profit	192	701
UK deferred tax expense relating to changes in tax rates or laws	223	383
Increase in UK and foreign current tax from adjustment for prior periods	2,607	-
Tax decrease arising from group relief	(63,542)	(123,436)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(12,080)</u>	<u>-</u>
Total tax charge	<u>920</u>	<u>36,076</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £
2017	
Decelerated capital allowances	11,922
Other timing differences	<u>653</u>
	<u>12,575</u>
2016	
Decelerated capital allowances	10,888
Other timing differences	<u>-</u>
	<u>10,888</u>

Euroresins UK Limited

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

11 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 January 2017	2,342	2,342
Additions internally developed	159	159
Disposals	(2,501)	(2,501)
At 31 December 2017	-	-
Carrying amount		
At 31 December 2017	-	-
At 31 December 2016	2,342	2,342

12 Tangible assets

	Short leasehold land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 January 2017	304,692	52,123	153,520	510,335
Additions	-	-	17,861	17,861
At 31 December 2017	304,692	52,123	171,381	528,196
Depreciation				
At 1 January 2017	304,692	52,123	153,520	510,335
Eliminated on disposal	-	-	1,320	1,320
At 31 December 2017	304,692	52,123	154,840	511,655
Carrying amount				
At 31 December 2017	-	-	16,541	16,541
At 31 December 2016	-	-	-	-

Euroresins UK Limited

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

13 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>2,221,281</u>	<u>2,425,576</u>

Impairment of stocks

The amount of reversal of impairment recognised in profit or loss is £Nil (2016 - £20,010). The reversal of impairment is included in purchases, within cost of sales.

14 Debtors

	Note	2017 £	2016 £
Trade debtors		3,478,436	4,064,970
Amounts owed by related parties	21	12,475,222	8,777,739
Other debtors		539,406	877,741
Prepayments and accrued income		76,950	103,465
Deferred tax assets	10	12,575	10,888
Income tax asset		<u>61,986</u>	<u>-</u>
		16,644,575	13,834,803
Less non-current portion (other debtors)		<u>(266,572)</u>	<u>(511,945)</u>
		<u>16,378,003</u>	<u>13,322,858</u>

15 Creditors

	Note	2017 £	2016 £
Trade creditors		2,646,405	2,556,183
Amounts due to related parties	21	3,644,785	440,232
Social security and other taxes		212,578	403,436
Other payables		2,609,313	2,838,956
Accruals		39,244	61,319
Derivatives used for hedging		<u>-</u>	<u>366,749</u>
		<u>9,152,325</u>	<u>6,666,875</u>

Euroresins UK Limited

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

16 Deferred tax and other provisions

	Deferred tax £	Other provisions £
At 1 January 2017	(10,888)	740
Release provision	-	(740)
Increase in existing provisions	<u>(1,687)</u>	<u>-</u>
At 31 December 2017	<u><u>(12,575)</u></u>	<u><u>-</u></u>

17 Share capital

Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
Ordinary shares of £1 each	<u>4,300,002</u>	<u>4,300,002</u>	<u>4,300,002</u>	<u>4,300,002</u>

18 Reserves

Called up share capital - ordinary shares

Represents the nominal value of the shares that have been issued.

Profit and loss account

Includes all current and prior period retained profits and losses.

Euroresins UK Limited

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

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	141,579	168,057
Later than one year and not later than five years	355,061	388,017
Later than five years	<u>392,459</u>	<u>488,339</u>
	<u><u>889,099</u></u>	<u><u>1,044,413</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £174,398 (2016 - £150,153).

20 Contingent liabilities

The company has given cross guarantees to the group's bankers in respect of borrowings by certain group companies. The amount guaranteed is £28,241,681 (2016 - £4,593,775).

21 Related party transactions

Summary of transactions with other related parties

Cathay Investments 2 Limited, under common control

The company has given cross guarantees in respect of borrowings by Cathay Investments 2 Limited and certain of its subsidiaries. The total amount of contingencies not included in the balance sheet is £6,781,091 (2016 - £2,077,491).

Amethyst Group Limited, under common control

During the year the company was invoiced for services totalling £329,501 (2016 - £214,381) by Amethyst Group Limited. At the balance sheet date the amount due to Amethyst Group Limited was £23,275 (2016 - £13,271).

Perkins Group Services Limited, under common control

During the year the company was invoiced for services totalling £5,947 (2016 - £1,537) by Perkins Group Services Limited. At the balance sheet date the amount due to Perkins Group Services Limited was £1,646 (2016 - £461).

PNC Global Logistics Limited, under common control

During the year the company was invoiced for services totalling £81,608 (2016 - £nil) by PNC Global Logistics Limited. At the balance sheet date the amount due to PNC Global Logistics Limited was £15,617 (2016 - £nil).

The Original Poster Company Limited, under common control

During the year the company has invoiced for services totalling £6,891 (2016 - £nil) to The Original Poster Company Limited. At the balance sheet date the amount due from The Original Poster Company Limited was £1,826 (2016 - £nil).

The company has taken advantage of the exemption in Section 33 of FRS 102 'Related Party Disclosures' from disclosing transactions with other wholly owned members of the group.

Euroresins UK Limited

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

22 Financial instruments

Cash flow hedges

Foreign exchange contracts

It is company policy to review the foreign exchange risks associated with anticipated sales and purchases in foreign currency. The company will enter into forward exchange contracts to manage these risks where considered appropriate. At 31 December 2016 the company had entered into forward contracts to purchase EUROS to mitigate the risk of anticipated purchases in EUROS during 2017.

At 31 December 2017 the total notional amount of outstanding forward foreign exchange contracts to which the company is committed is £nil (2016 - £9,818,229). Change in the fair value of derivatives amount to £366,749 and have been recognised in finance income (2016 - finance costs £366,749).

23 Parent and ultimate parent undertaking and controlling party

The company's immediate parent is Euroresins International GmbH, incorporated in Germany.

The ultimate parent is Cathay Investments Limited, incorporated in England and Wales. The ultimate controlling party is B Chaing, by virtue of his majority shareholding in Cathay Investments Limited.

The most senior parent entity producing publicly available financial statements is Cathay Investments Limited. These financial statements are available upon request from A2 Yeoman Gate, Yeoman Way, Worthing, West Sussex, BN13 3QZ.