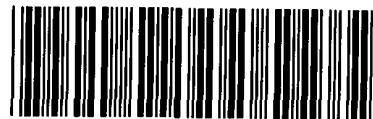


Registered number: 2228238

**I. G. INDUSTRIES PLC  
FINANCIAL STATEMENTS  
30 APRIL 2017**

**FILING COPY**

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COMPANIES HOUSE

# **I. G. INDUSTRIES PLC**

## **CONTENTS**

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	<b>Page</b>
<b>Company information</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Strategic report</b>	<b>3 - 4</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6 - 7</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 27</b>

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## **I. G. INDUSTRIES PLC**

### **COMPANY INFORMATION**

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<b>Directors</b>	Hossein Lari Ahmad Lari Kevan Lari Mahnaz Larizadeh Parvaneh Lari
<b>Company secretary</b>	Kevan Lari
<b>Registered number</b>	2228238
<b>Registered office</b>	The Flarepath Elsham Wold North Lincolnshire DN20 0SP
<b>Independent auditor</b>	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

## **I. G. INDUSTRIES PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2017**

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The directors present their report and the financial statements for the year ended 30 April 2017.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £4,873,814 (2016 : £3,710,292).

Particulars of dividends are detailed in note 14 to the financial statements.

#### **Directors**

The directors who served during the year were:

Hossein Lari  
Ahmad Lari  
Kevan Lari  
Mahnaz Larizadeh  
Parvaneh Lari

#### **Matters covered in the strategic report**

As permitted by S414c(11) of the Companies Act 2006, the directors have elected to disclose information required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.


#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

Ahmad Lari  
Director



Date:

27.9.2017

# **I. G. INDUSTRIES PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 APRIL 2017**

---

#### **Introduction**

The directors present their strategic report on the company for the year ended 30 April 2017. The principal activity of the company during the year continued to be that of the manufacture and supply of polyethylene products to industry.

#### **Business review and key performance indicators**

The directors view the year positively, where the financial results for the year and the financial position at the year end are considered satisfactory. It is expected that the company will experience continued growth in the foreseeable future and will continue to undertake further capital investment to support future potential growth.

Turnover for the year ended 30 April 2017 amounted to £51,523,014, an increase of 15.3% when compared to the turnover generated in the year ended 30 April 2016 of £44,684,734. The increase is largely attributable to an increase in tonnage sold in line with improvements to the company's production.

Despite the challenging market conditions there was a slight improvement in the gross profit margin from 21.2% in the year ended 30 April 2016 to 21.7% in the current year. The directors maintain strong oversight and control on costs notwithstanding the rising prices of raw materials throughout the year. The directors consider the margin of the film price over the raw material cost to be the most important financial indicator. Output is reviewed each month by the directors to determine the efficiency of the plant and is used as the non-financial performance indicator.

The company increased its profit before tax by £1,467,797 from the £4,560,731 made in the year ended 30 April 2016 to the current year's profit before tax of £6,028,528. The 32.2% increase was mostly driven from the £1,733,825 increase in profit due to the factors described above, where the aggregate increase of distribution and administration costs of £585,794 was mitigated by the £318,465 profit on disposal of fixed asset investments.

Stocks held at 30 April 2017 amounted to £6,114,813 compared to £4,614,471 at 30 April 2016, an increase of 32.5%. This level of stock is in line with the increase in the company's operations, where, based on tonnage, items spend on average 24.4 days in stock compared to 25.2 days for the prior year.

Trade debtors at 30 April 2017 amounted to £10,959,636 compared to £10,147,484 at 30 April 2016, an increase of 8.0%. The control of debtors is key to maintaining working capital in the business and debtor days are used by management as a key performance indicator. Debtor days improved from 69.1 at 30 April 2016 to 64.7 at 30 April 2017 as a result of maintaining good working relationships with customers.

## **I. G. INDUSTRIES PLC**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017**

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#### **Other non financial key performance indicators**

Non financial key performance indicators are set and measured for the organisation including employee turnover, sickness and material usage and wastage. Such non financial key performance indicators are reviewed and actions taken as appropriate.

##### *Health and safety*

The company invests in training and is committed to maintaining a good quality and motivated workforce. The directors are committed to taking measures to continually improve the health, safety and welfare of all their staff and retain consultants to assist with this area. It is anticipated that this arrangement will lead to continued identification of, and reduction of potential risks to its workforce.

##### *Quality control*

The company maintains effective and efficient quality management, hygiene and food safety management systems. The management will continue to hold reviews of the suitability and effectiveness of those systems. Continual improvement and increase in standards are the essential goals.

It is the company's objective to continually improve the quality and service of products supplied to its customers. This is achieved by continuous monitoring and pro active action to reduce the impact of disruption throughout the supply chain.

The directors are pleased to confirm continued accreditation to ISO 9001/2008 and British Retail Consortium Standard.

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

Fluctuations in raw material prices can lead to significant risks within the business. The company manages this risk by using recognised polymer price indices as a mechanism for reflecting raw material price changes into the selling prices for specific individual customers.

The risk of customers defaulting is managed through the use of credit checks, establishing credit limits and using credit insurance. Contractual agreements and strong customer relationships are key to limiting the risk associated with losing key customers who comprise a significant proportion of revenues.

The company has borrowings in the form of invoice discounting and is therefore exposed to interest rate rises. The directors expect interest rates to remain relatively low for the foreseeable future.

#### **Future developments**

The directors are committed to maintaining the company's fixed assets in efficient working order to support the planned future growth of the business. Furthermore it intends to continue to carry out research and development activities to continuously improve the quality of its polyethylene film products.

The directors view the future positively, despite the on going global economic, political and financial uncertainties.

This report was approved by the board and signed on its behalf.

Ahmad Lari  
Director



Date:

27.9.17

## **I. G. INDUSTRIES PLC**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 APRIL 2017**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 to 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.

## **I. G. INDUSTRIES PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I. G. INDUSTRIES PLC FOR THE YEAR ENDED 30 APRIL 2017**

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We have audited the financial statements of I. G. Industries Plc for the year ended 30 April 2017, set out on pages 8 to 27. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 30 April 2017 and of its profit or 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.



# **I. G. INDUSTRIES PLC**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I. G. INDUSTRIES PLC (continued) FOR THE YEAR ENDED 30 APRIL 2017**

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### **Opinion on other matter 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.

### **Matters on which we are required to report by exception**

In the light of our 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 and the directors' report.

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.



Simon Mayston (Senior statutory auditor)

for and on behalf of

**Blick Rothenberg Audit LLP**

Statutory Auditor

16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

Date: 4 October 2017

# I. G. INDUSTRIES PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2017

	Note	2017 £	2016 £
Turnover	4	51,523,014	44,684,734
Cost of sales		(40,331,280)	(35,226,825)
<b>Gross profit</b>		<b>11,191,734</b>	<b>9,457,909</b>
Distribution costs		(1,182,003)	(1,061,746)
Administrative expenses		(4,248,249)	(3,782,712)
Other operating income	5	55,386	55,404
<b>Operating profit</b>	6	<b>5,816,868</b>	<b>4,668,855</b>
Income from other fixed asset investments	10	14,760	24,430
Profit on disposal of fixed asset investments		318,465	7,219
Interest receivable and similar income	11	22,214	16,947
Interest payable and similar expenses	12	(143,779)	(175,502)
Fair value movements		-	18,782
<b>Profit before tax on ordinary activities</b>		<b>6,028,528</b>	<b>4,560,731</b>
Tax on profit on ordinary activities	13	(1,154,714)	(850,439)
<b>Profit for the financial year</b>		<b>4,873,814</b>	<b>3,710,292</b>

There were no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly, no statement of other comprehensive income has been presented.

**I. G. INDUSTRIES PLC**

REGISTERED NUMBER:2228238

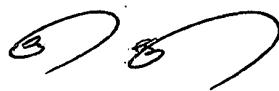
**BALANCE SHEET  
AS AT 30 APRIL 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	15	7,667,187	8,022,782
Investments	16	-	868,072
		<u>7,667,187</u>	<u>8,890,854</u>
<b>Current assets</b>			
Stocks	17	6,114,813	4,614,471
Debtors: amounts falling due after more than one year	18	1,613,126	1,743,069
Debtors: amounts falling due within one year	18	13,079,110	11,415,488
Cash at bank and in hand	19	180,667	539,983
		<u>20,987,716</u>	<u>18,313,011</u>
Creditors: amounts falling due within one year	20	(10,278,326)	(10,527,766)
<b>Net current assets</b>		<u>10,709,390</u>	<u>7,785,245</u>
<b>Total assets less current liabilities</b>		<u>18,376,577</u>	<u>16,676,099</u>
Creditors: amounts falling due after more than one year	21	(1,568,704)	(2,588,974)
<b>Provisions for liabilities</b>			
Deferred tax	23	(165,161)	(318,227)
<b>Net assets</b>		<u>16,642,712</u>	<u>13,768,898</u>
<b>Capital and reserves</b>			
Called up share capital	24	200,000	200,000
Profit and loss account	25	16,442,712	13,568,898
<b>Total equity</b>		<u>16,642,712</u>	<u>13,768,898</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

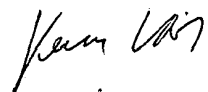
Ahmad Lari  
Director

Date:

  
27.9.2017

Kevan Lari  
Director

Date:

  
2/10/17

# **I. G. INDUSTRIES PLC**

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 May 2015</b>	<b>200,000</b>	<b>11,858,606</b>	<b>12,058,606</b>
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	<b>3,710,292</b>	<b>3,710,292</b>
<b>Distributions to owners</b>			
Dividends: equity capital	-	<b>(2,000,000)</b>	<b>(2,000,000)</b>
<b>At 1 May 2016</b>	<b>200,000</b>	<b>13,568,898</b>	<b>13,768,898</b>
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	<b>4,873,814</b>	<b>4,873,814</b>
<b>Distributions to owners</b>			
Dividends: equity capital	-	<b>(2,000,000)</b>	<b>(2,000,000)</b>
<b>At 30 April 2017</b>	<b>200,000</b>	<b>16,442,712</b>	<b>16,642,712</b>

# **I. G. INDUSTRIES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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### **1. General information**

I.G. Industries is a public company limited by shares and is incorporated and registered in England. Its principal place of business is The Flarepath, Elsham Wold, North Lincolnshire, DN20 0SP.

The financial statements are prepared in sterling (£).

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- exemption from the requirement to present a reconciliation of the number of shares outstanding at the beginning and at the end of the year;
- exemption from the requirement to present a statement of cash flows; and
- exemption from the requirement to disclose aggregate key management personnel compensation.

The company has also taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 on the basis that equivalent information is included in the consolidated financial statements of I.G. Industries Holdings Limited as at 30 April 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ:

- exemption from certain disclosures relating to financial instruments required by Section 11 and Section 12.

#### **2.3 Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## **I. G. INDUSTRIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **2.5 Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 4% straight line
Plant & machinery	- 15% straight line
Motor vehicles	- 25% straight line
Fixtures, fittings & equipment	- 15% - 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

## **I. G. INDUSTRIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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#### **2. Accounting policies (continued)**

##### **2.6 Valuation of investments**

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit and loss account for the period.

##### **2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

##### **2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.9 Financial instruments**

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

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.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

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 which excludes transaction costs for those financial assets that are subsequently measured at fair value through the profit and loss account.

Such financial assets are subsequently measured at fair value through the profit and loss account, where they are publicly traded, or fair value can be measured reliably, for example by using a valuation technique. Where fair value cannot be measured reliably, the financial asset is measured at cost less impairment.

# **I. G. INDUSTRIES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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### **2. Accounting policies (continued)**

#### **2.9 Financial Instruments (continued)**

##### **Financial liabilities**

Basic financial liabilities, including trade and other 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 payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### **Impairment of financial assets**

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 the profit and loss account.

##### **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

If a transfer does not result in derecognition because the company has retained significant risks and rewards of ownership of the transferred asset, the company continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. The asset and liability are not offset. In subsequent periods, the company recognises any income on the transferred asset and any expense incurred on the financial liability.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



## **I. G. INDUSTRIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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#### **2. Accounting policies (continued)**

##### **2.9 Financial instruments (continued)**

###### **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

##### **2.10 Share capital**

Ordinary shares are classified as equity.

##### **2.11 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

##### **2.12 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is Sterling (£).

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### **2.13 Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

## **I. G. INDUSTRIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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#### **2. Accounting policies (continued)**

##### **2.15 Finance leases**

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.16 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **2.17 Interest Income**

Interest income is recognised in the profit and loss account using the effective interest method.

## **I. G. INDUSTRIES PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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#### **2. Accounting policies (continued)**

##### **2.18 Current and deferred taxation**

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

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.19 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The directors have applied judgment in their analysis of depreciation rates to be applied to the company's fixed assets. Estimated useful lives of each category of fixed asset have been determined by the directors based on their knowledge and experience of the company and its operations.

## I. G. INDUSTRIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	<u>51,523,014</u>	<u>44,684,734</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	50,789,150	43,924,373
Rest of Europe	733,864	760,361
	<u>51,523,014</u>	<u>44,684,734</u>

#### 5. Other operating income

	2017 £	2016 £
Grant income	<u>55,386</u>	<u>55,404</u>

#### 6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	1,457,121	1,298,010
Profit on disposal of tangible fixed assets	(4,000)	(875)
Items of stock charged to the profit and loss account	36,343,922	31,715,320
Research and development costs	329,385	242,394
Defined contribution pension cost	<u>66,259</u>	<u>86,425</u>

# **I. G. INDUSTRIES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

### **7. Auditor's remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>31,000</b>	26,902
Taxation services	<b>5,366</b>	1,788
Other services	<b>715</b>	690
	<b>37,081</b>	<b>29,380</b>

### **8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,717,743</b>	3,329,483
Social security costs	<b>342,012</b>	289,497
Cost of defined contribution scheme	<b>66,259</b>	86,425
	<b>4,126,014</b>	<b>3,705,405</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>5</b>	5
Administration	<b>28</b>	26
Production	<b>73</b>	76
	<b>106</b>	<b>107</b>

# I. G. INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	556,221	459,292
Company contributions to defined contribution pension schemes	60,000	80,000
	<u>616,221</u>	<u>539,292</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £190,576 (2016 : £162,549).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £50,000 (2016 : £40,000).

### 10. Income from investments

	2017 £	2016 £
Income from fixed asset investments	<u>14,760</u>	<u>24,430</u>

### 11. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>22,214</u>	<u>16,947</u>

### 12. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	23,551	20,940
Finance leases and hire purchase contracts	70,654	78,907
Other interest payable	49,574	75,655
	<u>143,779</u>	<u>175,502</u>

# I. G. INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 13. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,307,780	866,305
<b>Total current tax</b>	<u>1,307,780</u>	<u>866,305</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(153,066)	(15,866)
<b>Total deferred tax</b>	<u>(153,066)</u>	<u>(15,866)</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,154,714</u>	<u>850,439</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 : lower than) the standard rate of corporation tax in the UK of 19.92% (2016 : 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>6,028,528</u>	<u>4,560,731</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.92% (2016 - 20%)	1,200,883	912,146
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,984	1,936
Depreciation on ineligible assets	28,849	38,519
Non-taxable income	(2,940)	(4,886)
Research and development tax credit	(72,671)	(58,710)
Profit on disposal of fixed assets	(64,228)	(1,630)
Other differences	72,013	(3,527)
Effect of a change in tax rate on opening balances	(9,176)	(33,409)
<b>Total tax charge for the year</b>	<u>1,154,714</u>	<u>850,439</u>

# I. G. INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 13. Taxation (continued)

#### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance (No. 2) Act 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017. A further reduction in the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using these enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

### 14. Dividends

	2017 £	2016 £
Dividends paid on equity capital	2,000,000	2,000,000

### 15. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>					
At 1 May 2016	4,539,018	15,342,749	81,097	408,348	20,371,212
Additions	80,043	973,388	-	48,095	1,101,526
Disposals	-	(55,466)	-	-	(55,466)
At 30 April 2017	4,619,061	16,260,671	81,097	456,443	21,417,272
<b>Depreciation</b>					
At 1 May 2016	1,575,992	10,441,156	69,605	261,677	12,348,430
Charge for the year	156,503	1,245,536	9,586	45,496	1,457,121
Disposals	-	(55,466)	-	-	(55,466)
At 30 April 2017	1,732,495	11,631,226	79,191	307,173	13,750,085
<b>Net book value</b>					
At 30 April 2017	2,886,566	4,629,445	1,906	149,270	7,667,187
At 30 April 2016	2,963,026	4,901,593	11,492	146,671	8,022,782



# **I. G. INDUSTRIES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

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### **15. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	<u>3,160,026</u>	<u>4,136,686</u>

### **16. Fixed asset investments**

	Listed investments £
<b>Valuation</b>	
At 1 May 2016	868,072
Disposals	(868,072)
At 30 April 2017	<u>-</u>
At 30 April 2016	<u>868,072</u>

# I. G. INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 17. Stocks

	2017 £	2016 £
Raw materials and consumables	3,481,590	2,365,763
Finished goods and goods for resale	2,633,223	2,248,708
	<u>6,114,813</u>	<u>4,614,471</u>

### 18. Debtors

	2017 £	2016 £
<b>Due after more than one year</b>		
Other debtors	1,613,126	1,743,069
	<u>1,613,126</u>	<u>1,743,069</u>

	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	10,959,636	10,147,484
Amounts owed by group undertakings	1,100,054	1,098,724
Other debtors	873,316	24,262
Prepayments and accrued income	146,104	145,018
	<u>13,079,110</u>	<u>11,415,488</u>

### 19. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	180,667	539,983
Less: bank overdrafts	(651,844)	(944,166)
	<u>(471,177)</u>	<u>(404,183)</u>

# **I. G. INDUSTRIES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017**

### **20. Creditors: amounts falling due within one year**

	2017 £	2016 £
Bank overdrafts	651,844	944,166
Trade creditors	3,661,690	3,883,822
Corporation tax	623,853	464,816
Other taxation and social security	1,101,637	801,967
Obligations under finance lease and hire purchase contracts	964,888	964,888
Owed to invoice discounters	1,546,296	2,839,957
Other creditors	962	60
Accruals and deferred income	1,727,156	628,090
	<u>10,278,326</u>	<u>10,527,766</u>

The amounts owed to invoice discounters are secured by fixed and floating charges over the company's book debtors.

The finance lease arrangements are secured by charges over certain plant and machinery.

Bank borrowings are secured by a first legal charge over the company's freehold property and by a debenture incorporating fixed and floating charges over the remaining assets.

### **21. Creditors: amounts falling due after more than one year**

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	1,418,645	2,383,530
Other creditors	150,059	205,444
	<u>1,568,704</u>	<u>2,588,974</u>

### **22. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	964,888	964,888
Between 1-2 years	1,418,645	964,888
Between 2-5 years	-	1,418,642
	<u>2,383,533</u>	<u>3,348,418</u>

# I. G. INDUSTRIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

### 23. Deferred taxation

	2017 £	2016 £
At beginning of year	(318,227)	(334,093)
Charged to profit or loss	153,066	15,866
<b>At end of year</b>	<b>(165,161)</b>	<b>(318,227)</b>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	165,161	207,673
Revalued investments	-	110,554
	<b>165,161</b>	<b>318,227</b>

### 24. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
200,000 ordinary shares of £1 each	<b>200,000</b>	<b>200,000</b>

### 25. Reserves

#### Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

### 26. Capital commitments

At 30 April 2017 the company had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<b>1,389,123</b>	-

## I. G. INDUSTRIES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

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#### 27. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with other related parties are as follows:

Name (relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2017	2016	2017	2016
		£	£	£	£
I. G. Homes Limited (common control)	Loan	(152,155)	950,126	1,613,128	1,743,069
	Interest	22,214	16,947	-	-

Amounts due from related parties are unsecured. Balances over £250,000 bear interest at a rate of 1.5% above the base rate per annum.

#### 28. Controlling party

The parent company of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is I.G. Industries Holdings Limited, a company incorporated in England. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors the immediate controlling party is I.G. Industries Holdings Limited. There is no ultimate controlling party.