Essentra (Northampton) Limited

Directors' report and financial statements

Registered number 3088793

31 December 2016

Contents

Directors' report

The Directors present their Directors' report and financial statements for the year ended 31 December 2016.

Principal activities and business review

The Company is a wholly owned subsidiary of Essentra plc and its principal activity during the year was the manufacture of printed cardboard boxes for the retail trade.

The activities of the Company are in line with the operational strategy of Essentra plc, of which Essentra (Northampton) Limited is a subsidiary in the Health & Personal Care Packaging strategic business unit ("SBU"). Further details of Essentra plc's Group and Health & Personal Care Packaging SBU strategy can be found in the Group Business Review and Health & Personal Care Packaging SBU Business Review on pages 6 to 14 and 17 to 19 of the Strategic Report of the Essentra plc Annual Report 2016. The Essentra plc Annual Report 2016 does not form part of this report, but is referred to where relevant for the purposes of this report.

At the start of 2015 the Company was a wholly owned subsidiary of Clondalkin Group Holdings BV ('CGH BV') and operated as part of Clondalkin's specialist packaging division. On 30 January 2015 Clondalkin's specialist packaging division was sold to Essentra plc and now operates as part of Essentra's Health and Personal Care strategic business unit.

As part of a restructuring of the Group, Essentra (Northampton) Limited transferred its assets and liabilities to Essentra Packaging & Security Limited, an associated company and its site was closed during 2016. As a result, the Company has become a non-trading company and will be dormant going forwards.

Results and dividends

The loss for the financial year was £250,490 (2015: £2,076,019).

No dividends were paid during the current or prior financial year.

Future outlook

The Company will continue to be a non-trading company for the foreseeable future. For further details please refer to the Group Business Review and Health & Personal Care Packaging SBU Business Review sections of the Essentra plc Annual Report 2016 on pages 6 to 14 and 17 to 19.

Directors

The Directors who held office during the year and up to the date of this report were as follows:

I Percival	(appointed 1 March 2017)
P Rayner	(appointed 1 March 2017)
H Ross	(resigned 14 February 2017)
L Kirk	(resigned 9 March 2017)

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Essentra Group and are not managed separately. The principal risks and uncertainties of the Essentra Group, which include those of the Company, are discussed on pages 31 to 37 of the Essentra plc Annual Report 2016.

Key performance indicators

During the year, the Directors of Essentra plc managed the Group's operations on a Group, SBU and regional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. From 2017, the Group's operations are managed on a divisional basis.

Directors' report *(continued)*

Policy and practice on payment of creditors

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions.

Political and charitable donations

The Company did not make any political or charitable donations or incurred any political expenditure during the year (2015: £nil).

Going concern

During the year, management transferred the trade and assets of the Company to a group company (Essentra Packaging and Security Limited) for a consideration equal to net book value. The Company is no longer trading and the directors have not considered it appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Directors' indemnities

During the financial year and at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors and the Company Secretary to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a Director or officer of the Company.

Directors' statement as to disclosure of information to the auditor

The Directors who were members of the Board at the time of approving this Directors' report, having made enquiries of fellow Directors, confirm that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the auditor is unaware; and
- each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, will resign as the auditor following the approval of these financial statements. PricewaterhouseCoopers LLP have expressed their willingness to be appointed as auditors of the Company.

By order of the Board

Jon Green
Company Secretary

30 June 2017
Registered Office:
Avebury House
201-249 Avebury Boulevard
Milton Keynes
MK9 1AU
2017

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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. As explained in note 1 on page 10, the directors do not believe it is appropriate to prepare the financial statements on a going concern basis.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Essentra (Northampton) Limited

We have audited the financial statements of Essentra (Northampton) Limited for the year ended 31 December 2016 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 on page 10 of the financial statements which explains that the financial statements have been prepared on a basis other than that of a going concern, following the decision taken by management to transfer the trade and assets to another Group company.

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.

KPMG

Independent auditor's report to the members of Essentra (Northampton) 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.

5 July 2017

Mark Flanagan (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
31 Park Row
Nottingham
NG1 6FQ
United Kingdom

Income statement

for the year ended 31 December 2016

	Note	2016	2015
		£	£
Turnover	3	**5,319,539**	12,265,349
Cost of sales		**(5,116,612)**	(11,070,911)
Gross profit		**202,927**	1,194,438
Administration expenses		**(341,209)**	(1,100,782)
Selling and distribution expenses		**(163,508)**	(796,136)
Operating loss	4	**(301,790)**	(702,480)
Exceptional items	5	**(26,487)**	(1,821,120)
Loss before interest and taxation		**(328,277)**	(2,523,600)
Interest payable and similar expenses	8	**(13,931)**	(12,085)
Loss on before taxation		**(342,208)**	(2,535,685)
Tax credit on loss	9	**91,718**	459,666
Loss and total comprehensive income for the financial year		**(250,490)**	(2,076,019)

Balance sheet

at 31 December 2016

	Note	2016		2015	
		£	**£**	£	£
Fixed assets					
Tangible assets	*10*		**-**		2,547,931
Current assets					
Inventories	*11*	**-**		681,661	
Debtors	*12*	**1,923,425**		3,250,775	
Cash at bank and in hand		**177**		132,022	
		1,923,602		4,064,458	
Creditors: *amounts falling due within one year*	*13*	**(299,934)**		(4,764,461)	
Net current assets/(liabilities)			**1,623,668**		(700,003)
Total assets less current liabilities			**1,623,668**		1,847,928
Net assets			**1,623,668**		1,847,928
Capital and reserves					
Called up share capital	*15*		**3**		3
Share Premium			**2,207,540**		2,207,540
Retained earnings			**(583,875)**		(359,615)
Shareholder's funds: equity			**1,623,668**		1,847,928

The financial statements on pages 6 to 19 were approved by the board of Directors on 30 June 2017
2017 and were signed on its behalf by:

Peter A. Rayner

Peter Rayner
Director

Statement of changes in equity

for the year ended 31 December 2016

	Called up share capital	Share Premium	Retained earnings	Total equity
	£	£	£	£
Balance at 1 January 2015	**3**	**2,207,540**	**1,696,570**	**3,904,113**
Loss for the year	-	-	(2,076,019)	(2,076,019)
Total comprehensive income for the year	**-**	**-**	**(2,076,019)**	**(2,076,019)**
Credit in relation to share-based incentives	-	-	19,834	19,834
Balance at 31 December 2015	**3**	**2,207,540**	**(359,615)**	**1,847,928**
Loss for the year	-	-	(250,490)	(250,490)
Total comprehensive income for the year	**-**	**-**	**(250,490)**	**(250,490)**
Credit in relation to share-based incentives	-	-	26,230	26,230
Balance at 31 December 2016	**3**	**2,207,540**	**(583,875)**	**1,623,668**

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company's ultimate parent undertaking, Essentra plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Essentra plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of paragraph 45(b) and 46-52 of IFRS 2 *Share-Based Payment*;
- the requirements of paragraphs 62, B64(b), B64(e), B64(g), B64(h), B64(j) to B64(m), b64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*;
- the requirement of IFRS 7 *Financial Instruments: Disclosures*;
- the requirement of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 *Property, Plant and Equipment* and paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Where required, equivalent disclosures are given in the consolidated financial statements of Essentra plc.

Notes *(continued)*

1 Accounting policies (continued)

Going concern

In October 2015 Essentra plc announced the proposed closure of the Essentra (Northampton) Limited site. Because of this, the directors have not considered it appropriate to adopt the going concern basis in preparing the annual report and financial statements. No adjustments were necessary to the amounts at which the net assets are included in these financial statements as the trade and assets of the business were largely transferred to a related undertaking at book value in 2016 and completed on 2 April 2017.

Turnover

Turnover is recognised when the significant risks and rewards of ownership have been transferred to the customer. It represents the amounts (excluding value added tax) derived from the manufacture of printed cardboard boxes for the retail trade during the year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items. The carrying values of tangible fixed assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Tangible fixed assets are depreciated over their estimated remaining useful lives on a straight line basis at the following annual rates:

Freehold land	Not depreciated
Buildings	2% or life of lease if shorter
Plant and machinery	10-33%
Fixtures, fittings and equipment	20-25%

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Impairment

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement. Exchange differences arising from movements in spot rates are included in the income statement as exchange gains or losses, while those arising from the interest differential elements of forward currency contracts are included in external interest income or expense.

Notes *(continued)*

1 Accounting policies (continued)

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise receivables in the balance sheet.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised accordingly using the effective interest method.

Financial liabilities

Interest bearing loans and borrowings and other financial liabilities (excluding derivatives) are initially recognised at fair value net of transaction costs incurred. They are subsequently held at amortised cost using the effective interest method. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

Share-based payments

The share option programme allows employees to acquire shares of the ultimate parent company.

A charge is made in the income statement based on the fair value of option awards using the Monte Carlo or binomial valuation models and relevant quoted share price information with a corresponding increase in equity. The fair value is measured at grant date and spread over the period between grant and vesting date of the options. The amount recognised as an expense will be adjusted to reflect the actual number of share options that vest with the exception of options that fail to vest because market conditions are not met.

Inventories

Inventories are valued at the lower of cost (on a first in, first out basis) and net realisable value. For work-in-progress and finished goods, cost includes an appropriate proportion of labour cost and overheads.

Leases

Leases of fixed assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases that do not meet the definition of a finance lease are classed as operating leases and the costs are charged to the income statement on a straight-line basis over the period of the lease.

Pensions

Obligations for contributions to defined contribution pension schemes are expensed to the income statement as incurred.

Notes *(continued)*

1 Accounting policies (continued)

Taxation

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases and the carrying amounts of assets and liabilities in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset or liability is settled, using the applicable tax rates enacted or substantively enacted at the balance sheet dates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Exceptional items

Restructuring costs and other one-off items are separated from other items by virtue of their size and incidence. They are shown as a separate line item within operating profit on the face of the profit and loss account in order for the reader to obtain a proper understanding of the financial information and performance.

2 Critical accounting judgement and estimates

The Directors consider that there are no significant accounting judgements or estimates that are critical in the preparation of these accounts.

3 Analysis of turnover

	2016	2015
	£	£
By geographical market		
United Kingdom	**4,740,074**	10,310,253
Europe	**520,335**	1,358,814
Rest of the world	**59,130**	596,282
	5,319,539	12,265,349

Notes *(continued)*

4 Operating loss

	2016	2015
	£	£
Operating profit is stated after charging/(crediting):		
Changes in inventories of finished goods and work-in-progress	**597,914**	686,374
Raw materials and consumables	**2,702,311**	5,850,508
Personnel expense (see note 6)	**1,856,250**	3,977,113
Profit on sale of fixed assets	**(33,265)**	(3,527)
Depreciation of tangible fixed assets (see note 10)	**107,739**	275,440
Operating lease (credit)/expense:		
Equipment	**-**	62,792
Property	**(11,431)**	81,111

An accrual for rental costs for a warehouse no longer used has been released which has resulted in the operating lease credit.

Auditor's remuneration:

	2016	2015
	£	£
Audit of these financial statements	**8,077**	15,400

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Essentra plc.

5 Exceptional items

	2016	2015
	£	£
Impairment of plant, machinery and motor vehicles	**955,636**	-
Profit on sale of freehold property	**(677,000)**	-
Restructuring costs	**(252,149)**	1,821,120
Exceptional items	**26,487**	1,821,120

Following the recent trading losses of the Company, the carrying amount of the freehold property, plant and machinery and motor vehicles has been assessed and it is found that the recoverable amount of certain fixed assets is below their carrying amount. As a result, an impairment charge of £955,636 was recognised in the current year.

During the year the freehold property of the Company was disposed of resulting in a profit on sale of £677,000.

The credit to restructuring costs of £252,149 represents an overaccrual of redundancy and other restructuring costs charged in the prior year. The restructuring costs in 2015 related to the reorganisation of the senior management team, staff redundancies, and costs incurred as a result of the site becoming inactive.

Notes *(continued)*

6 Staff numbers and costs

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

	Number of employees	
	2016	2015
Manufacturing	**47**	118
Marketing	**3**	8
Administration	**4**	7
	54	133

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£	£
Wages and salaries	**1,630,373**	3,568,699
Social security costs	**159,841**	322,743
Other pension costs	**39,806**	65,837
Share-based payments	**26,230**	19,834
	1,856,250	3,977,113

7 Remuneration of Directors

The Directors did not receive any fees or emoluments from the Company during the year (2015: £nil) directly attributable to their position within the Company. All fees or emoluments were paid by other group companies and the amount attributable to the qualifying services provided by them to the Company cannot be \reliably estimated.

8 Interest payable and similar charges

	2016	2015
	£	£
Interest payable	**13,931**	12,085

Notes *(continued)*

9 Taxation

a) Amounts credited in the income statement

	2016	2015
	£	£
UK Corporation tax		
Current tax	**(34,878)**	(466,792)
Adjustments in respect of prior years	**41,773**	4,019
Total current tax charge/(credit)	**6,895**	(462,773)
Deferred tax (note 14)		
Origin and reversal of timing differences	**(67,063)**	2,425
Adjustments in respect of prior years	**(21,545)**	1,050
Change in tax rate	**(10,005)**	(368)
Total deferred tax credit	**(98,613)**	3,107
Tax credit on loss on ordinary activities	**(91,718)**	(459,666)

b) Factors affecting the tax credit for the year

The total tax credit for the year is different to the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	£	£
Loss before taxation	**(342,208)**	(2,535,685)
Tax credit on (loss)/profit at 20% (2015: 20.25%)	**(68,442)**	(513,476)
Effects of:		
Permanent disallowable items	-	28,779
Expenses not deductible for tax purposes	**101,910**	20,330
Adjustments in respect of prior periods	**20,228**	5,069
Accounting gain on property disposal not taxable	**(135,409)**	-
Change in tax rate	**(10,005)**	(368)
Total tax credit reported in the income statement (see above)	**(91,718)**	(459,666)

c) Change in corporation tax rate

The UK corporate tax rate was reduced from 21% to 20% on 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 15 September 2016 respectively. Any deferred tax expected to reverse in the year to 31 December 2017 has been remeasured using the rates substantively enacted at 31 December 2016.

Notes *(continued)*

10 Tangible fixed assets

	Freehold Property	Plant and machinery	Motor Vehicles	Total
	£	£	£	£
Cost				
At beginning of year	1,792,900	6,044,168	54,880	7,891,948
Disposals	(1,792,900)	(6,044,168)	(54,880)	(7,891,948)
At end of year	-	-	-	-
Depreciation amd impairment				
At beginning of year	374,072	4,915,065	54,880	5,344,017
Charge for the year	20,868	86,871	-	107,739
Impairment	342,636	613,000	-	955,636
Disposals	(737,576)	(5,614,936)	(54,880)	(6,407,392)
At end of year	-	-	-	-
Net book value				
At 31 December 2016	-	-	-	-
At 31 December 2015	1,418,828	1,129,103	-	2,547,931

11 Inventories

	2016	2015
	£	£
Raw materials and consumables	-	83,747
Work in progress	-	250,431
Finished goods and goods held for resale	-	347,483
	-	681,661

The Directors do not consider that the replacement cost of inventories on a current cost basis is materially different from the figures stated above.

Notes *(continued)*

12 Debtors: amounts falling due within one year

	2016	2015
	£	£
Trade debtors	-	2,427,505
Other debtors	14,297	27,092
Amounts owed by group undertakings	1,909,128	281,530
Corporation tax	-	466,793
Prepayments and accrued income	-	47,855
	1,923,425	3,250,775

Included in amounts owed by group undertakings is an amount of £1,814,526 (2015: £247,540) owed by Essentra Finance Limited, which carries on the business of group financing for Essentra plc, the Company's ultimate parent company. The balance is repayable on demand, unsecured and interest is charged at a rate set with reference to the Bank of England base rate. Other amounts owed by group undertakings are trading balances under normal commercial terms and interest is not charged.

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	-	2,110,532
Amounts owed to group undertakings	-	118,336
Corporation tax	5,002	-
Other creditors including taxation and social security	224,520	338,628
Deferred tax (note 14)	-	2,853
Accruals and deferred income	70,412	2,194,112
	299,934	4,764,461

Amounts owed to group undertakings are trading balances under normal commercial terms and interest is not charged.

Notes *(continued)*

14 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets	Liabilities	2016 Net	Assets	Liabilities	2015 Net
	£	£	£	£	£	£
Tangible fixed assets[1]	-	-	-	-	(9,007)	(9,007)
Employee benefits[2]	-	-	-	747	-	747
Other temporary differences[3]	-	-	-	5,407	-	5,407
Deferred tax liability	-	-	-	6,154	(9,007)	(2,853)

[1] A deferred tax liability arises on tangible fixed assets as the tax value of assets is lower than the corresponding accounting value. This arises as tax deductions are determined by the applicable tax laws whereas accounting depreciation is calculated in line with the Company's accounting policy
[2] This represents deferred tax on the Company's share-based incentives
[3] This includes expenditure that will be deductible in future periods for tax purposes when the amounts are settled in cash

	2016	2015
	£	£
Deferred tax movements in the year:		
At beginning of year	(2,853)	254
Credit/(charge) to the income statement in respect of the current year	67,063	(2,425)
Credit/(charge) to the income statement in respect of the prior year	21,545	(1,050)
Change in tax rates	10,005	368
Liability transferred to other group companies	(95,760)	-
At end of year	-	(2,853)

Based on available information, management determined whether it is probable for some or all of the deferred tax assets to be realised. In determining this management considered the cumulative losses in prior years, the history of tax losses, the manner in which assets can be used (including time limitations under local laws), future earnings potential and expectation of future reversal of taxable temporary differences.

Notes *(continued)*

15 Called up share capital

	2016	2015
	£	£
Issued and fully paid ordinary shares of £1 (2015: £1 each)	**3**	3
Number of ordinary shares in issue		
At beginning of year	**3**	2
Issue of shares during the year	**-**	1
At end of year	**3**	3

16 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company's immediate parent undertaking is ESNT International Limited, a company incorporated in England and Wales.

The ultimate parent company is Essentra plc, a company incorporated in England and Wales. This is the only group in which the results of the Company are consolidated.

The consolidated accounts of Essentra plc are available to the public and may be obtained from the registered office of Essentra plc at Avebury House, 201-249 Avebury Boulevard, Milton Keynes, MK9 1AU.