

STRATEGIC REPORT

Viability Statement

As required by provision C.2.2 of the Code, the Directors have taken into account forecasts to assess the future funding requirements of the Group, and compared them with the level of committed available borrowing facilities.

A period of three years has been adopted as this is the timeframe used by the Board in forming the Group's strategy, in appraising material investments and in accessing financial viability. The assessment of viability has been made with reference to the Group's current position and future prospects, its strategy, its management of risk, and also the Board's assessment of the outlook in the marketplace.

The Board considers its strategy and risks on strategy away days, and revisits these annually when considering the next year's budget. The three-year plan considers revenue and earnings growth and how this impacts on cash flows and key ratios. Operational plans and financing options are considered as part of this process.

In preparing the plan, the Group adopts a prudent forecast in respect of like-for-like sales growth, but assumes other initiatives, such as expansion of the branch network, in line with the published strategy. The plan is stress tested by applying the following scenarios:

Scenario 1
Macro-economic conditions lead to a decline in sales

Decreases in revenues have been applied over the 3-year plan period.

Scenario 2
Commodity prices and/or exchange rates or raw material shortages lead to a sustained increase in resin prices

Increases in resin costs have been applied over the 3-year plan period.

Scenario 3
Scenario 1 and 2 combined

There is a possibility that both of the above scenarios could materialise at the same time, therefore we have assessed the combined impact through the 3-year plan period.

The Board considers these tests to be sufficient to test the viability of the Group given the size of the Group and the markets it operates within. As described in Principal Risks and Uncertainties above, we have measures in place to help mitigate the impact of these events should they occur.

The Directors confirm that we have a reasonable expectation that the Company and the Group will continue in operation and meet their liabilities as they fall due in the next three years.

Going Concern

The Directors have reviewed the Company's and the Group's forecast and projections, which demonstrate that the Company and the Group will have sufficient headroom on their bank facilities for the foreseeable future and that the likelihood of breaching the related covenants in this period is remote.

Accordingly the Directors continue to adopt the going concern basis in preparing the annual Financial Statements.

This Strategic Report was approved by the Board on 8 March 2018.

Mark Kelly
Chief Executive Officer

Michael Scott
Chief Financial Officer