Company Registration No. 00207104 (England and Wales)

RENOLIT CRAMLINGTON LIMITED

Annual Report And Financial Statements

For The Year Ended 31 December 2015

RENOLIT CRAMLINGTON LIMITED

COMPANY INFORMATION

Directors	Mr D S Hall	(Appointed 23 July 2015)
	Mr M T Kundel	
	Dr D Taylorson	
	Mr S M Wilson	
	Mr P P M Winant	
Secretary	Mr S M Wilson	
Company number	00207104	
Registered office	Station Road Cramlington Northumberland NE23 8AQ	
Auditors	Garbutt & Elliott Audit Limited Arabesque House Monks Cross Drive Huntington York YO32 9GW	

RENOLIT CRAMLINGTON LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business
With a significant proportion of the RENOLIT Cramlington business driven by sales into Europe, the appreciation of GBP against EUR over the course of 2015 (up 10% on average on the previous year) had a significant impact on contribution earned in these markets. In addition, competitive price pressure remains a threat to ongoing volumes and margins. With a decline seen in exports into Eastern Europe, we were able to take the opportunity to increase Cramlington manufacture of window foils destined for our own UK market. As a result, the Directors believe that we now have a better balanced business, with reduced reliance on certain higher risk export markets.

RENOLIT Cramlington remains focussed on delivering a high quality product with excellent service at competitive prices and achieves this via a focus on continuous improvement activities (CiP) activities. We also continue to develop new products to ensure the long term success of the business and have seen rapid growth over the last two years of the new, patent protected, EXOFOL PX product range for window applications. As environmental awareness and requirements increase over time, it is also pleasing to report that we achieved ISO 14001 certification during 2015, confirming that we have appropriate systems in place to control environmental aspects, reduce impacts and ensure legal compliance.

After the major investments over recent years in calendering and printing, extensively modernising our production facilities, the focus in 2015 was more towards the modernisation of employee facilities, including the canteen and medical centre. After a move to seven day working in the emboss and lamination department at the start of 2015, we are currently assessing the need to shortly invest in further machine capacity in this area to meet the projected medium term growth of the business.

Finally, as part of the larger RENOLIT SE group of companies, there are numerous business continuity options which mean that our customers know that they deal with a reliable quality driven partner.

Key performance indicators
With sales into Europe impacted by competitive pressure as well as the strengthening of GBP against EUR (versus 2014), overall sales fell from £64.1m to £60.7m. Despite this fall in sales volumes and prices, the gross profit margin rose slightly to 24.2% (2014: 24.0%) as the mix changed towards Cramlington manufactured product destined for the UK market. With a profit of £0.6m recorded on the sale of surplus land, an operating profit of £5.8m was recorded for the year (2014: £6.3m). ROCE fell slightly to 32.8% (2014: 34.0%).

Other information and explanations
With the exception of foreign exchange, the company does not actively use financial instruments as part of its financial risk management. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through appropriate credit control procedures. The nature of these financial instruments means that the company is not subject to a price risk or liquidity risk other than as set out below.

The company undertakes significant sales and purchases in foreign currencies, especially the Euro and US$, which exposes it to foreign exchange rate risk. This risk is managed through the use of Euro and US$ current accounts although company sales in Euros are consistently in excess of purchases. Where appropriate, forward exchange contracts are also considered with a view to further managing exchange risk.

On behalf of the board

DSHall 1/2/16
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Mr D S Hall
Director

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities
The main activity of the company during the year was the manufacture and sale of flexible decorative surface materials. The main product area continues to be decorative laminates made primarily from PVC films printed with woodgrain designs. End uses for these products include kitchen and bedroom cabinet doors, window frames, loudspeakers and mobile home and caravan interiors. The company also distributes PVC waterproofing membranes, principally for the single ply roofing market.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D S Hall	(Appointed 23 July 2015)
Mr M T Kundel	
Dr D Taylorson	
Mr S M Wilson	
Mr P P M Winant	

Results and dividends
The results for the year are set out on page 7.

Dividends totalling £5,000,000 (2014: £4,995,000) were paid to the immediate parent company, RENOLIT (U.K.) Limited.

Supplier payment policy
The company's current policy concerning the payment of trade payables is to:
-settle the terms of payment with suppliers when agreeing the terms of each transaction;
-ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
-pay in accordance with the company's contractual and other legal obligations.
On average, trade payables at the year end represented 30 (2014: 29) days' purchases.

Research and development
The company continues to investigate new production methods and materials to both improve the quality and performance of existing products and provide opportunities for the introduction of new products.

Disabled persons
The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement
The company's policy is to consult and discuss with employees, through unions and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through presentations and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Future developments
Both the level of business and the year end financial position were satisfactory. The strategy for 2016 is to consolidate the current position and maximise the performance of the company in what is likely to be a challenging economic as well as competitive environment.

Auditors
The auditors, Garbutt & Elliott Audit Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors
Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

1/2/16
....
Mr D S Hall
Director
....

RENOLIT CRAMLINGTON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Annual 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. 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

RENOLIT CRAMLINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RENOLIT CRAMLINGTON LIMITED

We have audited the financial statements of RENOLIT Cramlington Limited for the year ended 31 December 2015 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Annual 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 31 December 2015 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF RENOLIT CRAMLINGTON LIMITED

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.

Garbutt & Elliott Audit Ltd.

Mr Alan Sidebottom (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited

3.2.16.

Chartered Accountants
Statutory Auditor

Arabesque House
Monks Cross Drive
Huntington
York
YO32 9GW

RENOLIT CRAMLINGTON LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £' 000	2014 £' 000
Revenue	3	60,660	64,135
Cost of sales		(45,990)	(48,709)
Gross profit		14,670	15,426
Distribution costs		(1,071)	(994)
Administrative expenses		(7,776)	(8,151)
Operating profit	4	5,823	6,281
Investment income	7	13	12
Finance costs	8	-	(21)
Profit before taxation		5,836	6,272
Taxation	9	(1,202)	(1,368)
Profit for the financial year		4,634	4,904
Total comprehensive income for the year		4,634	4,904

The income statement has been prepared on the basis that all operations are continuing operations.

RENOLIT CRAMLINGTON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		2015		2014	
	Notes	£' 000	£' 000	£' 000	£' 000
Non-current assets					
Intangible assets	11		41		30
Property, plant and equipment	12		10,583		11,694
			10,624		11,724
Current assets					
Inventories	14	6,129		5,919	
Trade and other receivables	15	8,071		8,078	
Cash at bank and in hand		3,444		2,606	
		17,644		16,603	
Current liabilities	16	(7,342)		(6,623)	
Net current assets			10,302		9,980
Total assets less current liabilities			20,926		21,704
Non-current liabilities	17		(349)		(592)
Provisions for liabilities	18		(920)		(1,089)
Net assets			19,657		20,023
Equity					
Called up share capital	21		10,000		10,000
Share premium account			514		514
Retained earnings			9,143		9,509
Total equity			19,657		20,023

The financial statements were approved by the board of directors and authorised for issue on 1/2/16 and are signed on its behalf by:

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Mr S M Wilson
Director

Company Registration No. 00207104

RENOLIT CRAMLINGTON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £' 000	Share premium account £' 000	Retained earnings £' 000	Total £' 000
Balance at 1 January 2014		10,000	514	9,600	20,114
Period ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	4,904	4,904
Dividends	10	-	-	(4,995)	(4,995)
Balance at 31 December 2014		10,000	514	9,509	20,023
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	4,634	4,634
Dividends	10	-	-	(5,000)	(5,000)
Balance at 31 December 2015		10,000	514	9,143	19,657

1 Accounting policies

Company information
RENOLIT Cramlington Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Station Road, Cramlington, Northumberland, NE23 8AQ.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £' 000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of RENOLIT Cramlington Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

On the grounds that the company's results are consolidated into its parent, as disclosed in note 26, the company has taken advantage of certain exemptions conferred by section 1.11 of FRS 102 as follows:

- Exemption from presenting a statement of cashflows as a primary note to the financial statements.

The company has also taken advantage of the exemptions conferred by section 33.11 of FRS 102 allowing it to not disclose transactions and balances within its group, on the grounds that those entities are related by virtue of having the same control as defined in 33.11(b).

1.2 Going concern
The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue
Turnover represents revenue from sales of products, after deduction of Value Added Tax and is recognised on despatch.

1.4 Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 to 10 years straight line

1 Accounting policies **(Continued)**

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	40 years straight line
Plant and machinery	3 to 10 years straight line
Fixtures, fittings and equipment	3 to 10 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

No depreciation is provided on land and assets under construction.

1.6 Impairment of non-current assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1 Accounting policies **(Continued)**

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, 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. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

1 Accounting policies **(Continued)**

Other financial liabilities
Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions denominated in foreign currency are translated at the rate of exchange ruling at the start of the month the transaction occurred. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Exchange differences arising on retranslation are included in the profit and loss account in the year in which they occur.

1.18 Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

2 Critical accounting estimates and judgements

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Inventories

Inventories are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

Depreciation of tangible assets

Depreciation policies have been set according to management's experience of the useful lives of the assets in each category, something which is reviewed annually.

The company incurs expenditure on creating tangible fixed assets for use in the primary trade. The cost is determined by reference to the direct attributable costs which bring the fixed asset to working condition for its intended use, with costs being incurred over several months. Management believe it is possible to segregate these costs into identifiable projects, and as such no depreciation is charged on that project until it is bought into use. This expenditure is therefore capitalised as a fixed asset and depreciated in line with the relevant depreciation policy.

Inventory overhead cost absorption

The company converts raw materials to finished goods. Stock values include any costs such as labour and overheads attributable to generating finished goods, as management believe this is the most suitable costing method to take into account the matching concept of accounting.

Warranty provision

Warranty provisions are calculated as a percentage of the average annual sales figures, based upon group wide historic warranty claims data, and included as an expense within sales.

3 Revenue

An analysis of the company's revenue is as follows:

	2015	2014
	£' 000	£' 000
Turnover		
Sale of goods	60,660	64,135

Other significant revenue		
Interest income	13	12

Revenue analysed by geographical market

	2015	2014
	£' 000	£' 000
UK and Channel Islands	36,019	35,763
Rest of Europe	21,436	25,341
Rest of the World	3,205	3,031
	60,660	64,135

4 Operating profit

	2015	2014
	£' 000	£' 000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	145	187
Research and development costs	586	455
Depreciation of owned property, plant and equipment	2,525	2,604
Profit on disposal of property, plant and equipment	(571)	(2)
Amortisation of intangible assets	29	12
Cost of inventories recognised as an expense	35,239	38,614
Operating lease charges	108	110

5 Auditors' remuneration

	2015	2014
Fees payable to the company's auditor and its associates:	£' 000	£' 000
For audit services		
Audit of the company's financial statements	21	21
For other services		
Taxation compliance services	2	2
All other non-audit services	1	1
	3	3

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Production	197	189
Marketing, selling and distribution	44	44
Administration	23	22
	264	255

Their aggregate remuneration comprised:

	2015 £' 000	2014 £' 000
Wages and salaries	8,869	8,415
Social security costs	914	878
Pension costs	1,585	1,308
	11,368	10,601

7 Investment income

	2015 £' 000	2014 £' 000
Interest income		
Bank deposits	13	12

Investment income includes the following:

	2015 £' 000	2014 £' 000
Interest on financial assets not measured at fair value through profit or loss	13	12

8 Finance costs

	2015 £' 000	2014 £' 000
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	-	21

9 Taxation

	2015 £' 000	2014 £' 000
Current tax		
UK corporation tax on profits for the current period	1,316	1,464
Adjustments in respect of prior periods	8	(25)
Total current tax	1,324	1,439
Deferred tax		
Origination and reversal of timing differences	(122)	(71)
Total tax charge	1,202	1,368

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £' 000	2014 £' 000
Profit before taxation	5,836	6,272
Expected tax charge based on a corporation tax rate of 20.25%	1,182	1,348
Tax effect of expenses that are not deductible in determining taxable profit	9	41
Adjustments in respect of prior years	8	(25)
Other short term timing differences	-	10
Other tax adjustments	3	(6)
Tax expense for the year	1,202	1,368

10 Dividends

	2015 £' 000	2014 £' 000
Final paid	-	-
Interim paid	5,000	4,995
	5,000	4,995

RENOLIT CRAMLINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

11 Intangible fixed assets

	Software
	£' 000
Cost	
At 1 January 2015	46
Additions	40
At 31 December 2015	86
Amortisation and impairment	
At 1 January 2015	16
Amortisation charged in the year	29
At 31 December 2015	45
Carrying amount	
At 31 December 2015	41
At 31 December 2014	30

12 Property, plant and equipment

	Freehold buildings	Assets under construction	Fixtures, fittings and equipment	Plant and machinery	Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Cost					
At 1 January 2015	6,279	67	2,109	36,785	45,240
Additions	65	204	396	851	1,516
Disposals	(46)	-	-	(183)	(229)
Transfer	-	(143)	143	-	-
At 31 December 2015	6,298	128	2,648	37,453	46,527
Depreciation and impairment					
At 1 January 2015	4,889	-	1,281	27,376	33,546
Depreciation charged in the year	212	-	156	2,157	2,525
Eliminated in respect of disposals	-	-	-	(127)	(127)
At 31 December 2015	5,101	-	1,437	29,406	35,944
Carrying amount					
At 31 December 2015	1,197	128	1,211	8,047	10,583
At 31 December 2014	1,390	67	828	9,409	11,694

12 Property, plant and equipment (Continued)

The following land is not depreciated.

	2015 £' 000	2014 £' 000
Freehold	154	200

13 Financial instruments

	2015 £' 000	2014 £' 000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	11,107	10,460
Carrying amount of financial liabilities		
Measured at amortised cost	6,333	5,798

14 Inventories

	2015 £' 000	2014 £' 000
Raw materials and consumables	1,486	1,802
Work in progress	803	1,106
Finished goods and goods for resale	3,840	3,011
	6,129	5,919

15 Trade and other receivables

Amounts falling due within one year:	2015 £' 000	2014 £' 000
Trade receivables	6,729	6,743
Amount due from parent and fellow subsidiary undertakings	750	952
Other receivables	184	159
Prepayments and accrued income	262	200
	7,925	8,054
Deferred tax asset	146	24
	8,071	8,078

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

16 Current liabilities

	2015	2014
	£' 000	£' 000
Corporation tax payable	616	664
Other taxation and social security	742	753
Trade payables	1,289	1,340
Amount due from parent and fellow subsidiary undertakings	3,797	3,408
Other payables	2	8
Accruals and deferred income	896	450
	7,342	6,623

17 Non-current liabilities

	2015	2014
	£' 000	£' 000
Other payables	349	592

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company:

	Assets	Assets
	2015	2014
	£' 000	£' 000
Accelerated capital allowances	(235)	(355)
Other timing differences	381	379
	146	24

19 Provisions for liabilities

	2015 £' 000	2014 £' 000
Jubilee provision	152	142
Warranty provision	768	947
	920	1,089

Movements on provisions:

	Jubilee provision £' 000	Warranty provision £' 000	Total £' 000
At 1 January 2015	142	947	1,089
Additional provisions in the year	3	(179)	(176)
Adjustment for change in discount rate	7	-	7
At 31 December 2015	152	768	920

Warranty provision details are described within note 2.

20 Retirement benefit schemes

Defined contribution schemes

The company operates the RENOLIT Group Personal Pension Scheme. Pension costs charged in respect of the scheme amounted to £1,332,000 (2014 - £1,127,000) of which £523,000 (2014 - £306,000) was accrued at the balance sheet date. The costs charged in the accounts as detailed below include death in service and life assurance payments of £234,000 (2014 - £181,000).

Contributions payable by the company for the year were £1,585,000 (2014 - £1,308,000).

21 Share capital

	2015 £' 000	2014 £' 000
Ordinary share capital		
Issued and fully paid		
10,000,000 Ordinary shares of £1 each	10,000	10,000

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £' 000	2014 £' 000
Within one year	99	90
Between two and five years	149	141
	248	231

23 Capital commitments

At 31 December 2015 the company had capital commitments as follows:

	2015 £' 000	2014 £' 000
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	84	15

24 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, who are also directors, is as follows.

	2015 £' 000	2014 £' 000
Aggregate compensation	348	298

No guarantees have been given or received.

25 Directors' remuneration

	2015 £' 000	2014 £' 000
Remuneration for qualifying services	273	233
Company pension contributions to defined contribution schemes	75	65
	348	298

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2014 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2015 £' 000	2014 £' 000
Remuneration for qualifying services	112	130
Company pension contributions to defined contribution schemes	30	36
	142	166

26 Controlling party

The immediate parent company is RENOLIT (U.K.) Ltd.

The ultimate parent company and controlling party is JM Holding GmbH & Co.KGaA, a company incorporated in Germany, which prepares group financial statements that can be obtained from JM Holding, Horchheimer Strasse 50, 67547 Worms, Germany.

27 Reconciliations on adoption of FRS 102

Reconciliation of equity

		At 1 January 2014			At 31 December 2014		
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Notes	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Non-current asssets							
Intangible assets	1	-	10	10	-	30	30
Property, plant and equipment	1	12,815	(10)	12,805	11,724	(30)	11,694
		12,815	-	12,815	11,724	-	11,724
Current assets							
Inventories		5,952	-	5,952	5,919	-	5,919
Deferred tax asset		-	-	-	24	-	24
Other debtors	3	7,087	796	7,883	7,107	947	8,054
Bank and cash		2,126	-	2,126	2,606	-	2,606
		15,165	796	15,961	15,656	947	16,603
Current liabilities							
Trade and other payables	2	5,740	(113)	5,627	5,348	(142)	5,206
Taxation and social security		1,558	-	1,558	1,417	-	1,417
		7,298	(113)	7,185	6,765	(142)	6,623
Net current assets		7,867	909	8,776	8,891	1,089	9,980
Total assets less current liabilities		20,682	909	21,591	20,615	1,089	21,704
Non-current liabilities							
Trade and other payables		521	-	521	592	-	592
Provisions for liabilities							
Deferred tax liabilities		47	-	47	-	-	-
Other provisions	2, 3	-	909	909	-	1,089	1,089
		47	909	956	-	1,089	1,089
Net assets		20,114	-	20,114	20,023	-	20,023

27 Reconciliations on adoption of FRS 102 **(Continued)**

Capital and reserves						
Share capital	10,000	-	10,000	10,000	-	10,000
Share premium	514	-	514	514	-	514
Profit and loss	9,600	-	9,600	9,509	-	9,509
Total equity	20,114	-	20,114	20,023	-	20,023

Reconciliation of profit or loss for the year

		At 31 December 2014		
		Previous UK GAAP	Effect of transition	FRS 102
	Notes	£' 000	£' 000	£' 000
Revenue		64,135	-	64,135
Cost of sales		(48,709)	-	(48,709)
Gross profit		15,426	-	15,426
Distribution costs		(994)	-	(994)
Administrative expenses		(8,151)	-	(8,151)
Operating profit		6,281	-	6,281
Interest receivable and similar income		12	-	12
Finance costs		(21)	-	(21)
Profit before taxation		6,272	-	6,272
Tax on profit on ordinary activities		(1,368)	-	(1,368)
Profit for the financial year		4,904	-	4,904

Notes to reconciliations on adoption of FRS 102

1) Software
Software balances had previously been held in tangible fixed assets under UKGAAP. These balances are now shown as intangible assets under FRS 102.

2) Jubilee provision
The jubilee provision under UKGAAP was included in accruals due in less than one year. Under FRS 102 this balance has been included in other provisions.

3) Warranty provision
The warranty provision under UKGAAP was included in trade debtors due in less than one year. Under FRS 102 this balance has been included in other provisions.