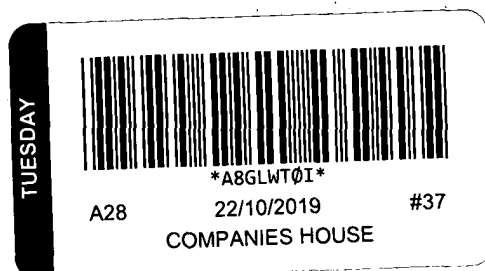


Bathroom Distribution Group UK Limited
Registered number 01367550
Annual report and financial statements
Year ended 31 December 2018

Bathroom Distribution Group UK Limited

Amended
Annual report and financial statements
Registered number 01367550
31 December 2018



Contents	Page
Directors and company information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the financial statements	4
Independent auditors' report	5
Profit and loss	7
Balance sheet	8
Statement of changes in equity	9
Notes forming part of the financial statements	10

Directors and company information

Directors

G Slark
C Rinn
N Hall
N Jefferson
G Jones
M Sammon

Secretary

Grafton Group Secretarial Services Limited

Registered office

Ground Floor Boundary House
2 Wythall Green Way
Wythall
Birmingham
B47 6LW
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered number

01367550

Strategic Report

Introduction

This Strategic Report has been prepared in accordance with the requirements of Section 414A of the Companies Act 2006. Its purpose is to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of Bathroom Distribution Group UK Limited ("the Company").

Principal activities

In 2018, trading proved challenging with lower consumer confidence and market changes being the main reasons for a flat performance. Given these testing trading conditions in 2018, Bathroom Distribution Group UK Ltd continues to invest in its employees, bring innovation and added value to its product range collection and offer market leading customer service.

Health and Safety

There were no major incidents to report in the year to 31 December 2018.

Key Performance Indicators

The Directors believe that the following indicators will provide stakeholders with sufficient information to assess how effectively the Company is performing.

	2018	2017
Turnover	£18,731,552	£18,803,251
Operating profit	£1,100,089	£856,644
Operating margin	5.87%	4.56%
Liquidity ratio	1:21	1:35

Outlook

The UK bathroom products market remains volatile during 2019 especially leading up to Brexit, and the forecast is modest growth in 2019, as consumer confidence remains a concern.

Future developments

The Company will continue to innovate and lead the market with various initiatives and new products, despite the modest outlook for 2019.

Events after the balance sheet date

There are no significant events since the balance sheet date which have impacted the financial statements.

Principal risks and uncertainties

Trading in the business is influenced by the macro economic environment in the UK. The level of activity in the residential and non-residential construction market and in the residential repair, maintenance and improvement markets in particular influence demand. Demand in these markets is sensitive to economic conditions generally including economic growth, interest rate movements, inflation, unemployment and demographic trends.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and to mitigate against cash flow and liquidity risk continuously monitors forecasted and actual cash flows and maintains sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its provision of short-term credit to customers with the company carrying the associated credit risk. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counter party is subject to a limit, which is reassessed periodically by the management of the company.

On behalf of the board



N.Hall
Director

26th September 2019

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

Results and dividends

The Company's profit for the financial year is £894,312 (2017: £706,873). A dividend of £1,000,000 was declared and paid during the year (2017: £nil).

Strategic Report

The directors confirm that they have prepared a Strategic Report in accordance with Section 414A of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014.

Directors

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

G Stark
C Rinn
N Hall
N Jefferson (appointed 9 March 2018)
G Jones (appointed 9 March 2018)
M Sammon (appointed 9 March 2018)

Political and charitable contributions

The Company made no political contributions during the year (2017: £nil). Donations to UK charities amounted to £nil (2017: £nil).

Directors' indemnities

The Company maintained indemnity liability insurance for its directors and officers throughout the financial year, which is still in force at the date of approving the Directors' report and which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The statutory Auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 382 (2) of the Irish Companies Act 2014 and a resolution authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting of Grafton Group Plc, the ultimate parent company of Bathroom Distribution Group UK Limited.

Principal activities, financial risk management objectives and policies

Principal activities and financial risk management objectives and policies are addressed in the Strategic report and form part of this report by cross reference.

Future developments and events after the balance sheet date

Future developments and events after the balance sheet date are addressed in the Strategic report and form part of this report by cross reference.

On behalf of the board



N.Hall
Director

26th September 2019

Statement of directors' responsibilities in respect of financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors 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.

On behalf of the board



N. Hall
Director

26th September 2019

Independent auditors' report to the members of Bathroom Distribution Group UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bathroom Distribution Group UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Bathroom Distribution Group UK Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

27 September 2019

Profit and loss

for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	2	18,731,552	18,803,251
Cost of sales		(12,937,980)	(12,819,396)
Gross profit		5,793,572	5,983,855
Administrative expenses		(4,693,483)	(5,127,211)
Operating profit		1,100,089	856,644
Interest receivable/(payable) and similar income/(expenses)	4	1,223	(4,771)
Profit before taxation	3	1,101,312	851,873
Tax on profit	7	(207,000)	(145,000)
Profit for the financial year		894,312	706,873

All amounts relate to continuing operations.

There was no other comprehensive income in the current or prior year.

The notes on pages 10 to 20 form part of the financial statements.

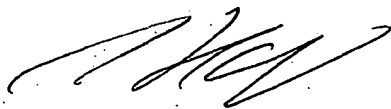
Balance sheet

as at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	8		1,085,941		263,965
Current assets					
Stocks	9	4,222,347		2,928,499	
Debtors	10	9,110,347		7,130,155	
Cash at bank and in hand		292,284		866,413	
		<u>13,624,978</u>		<u>10,925,067</u>	
Creditors: amounts falling due within one year	11	(11,714,572)		(8,090,548)	
Net current assets			<u>1,910,406</u>		<u>2,834,519</u>
Total assets less current liabilities			<u>2,996,347</u>		<u>3,098,484</u>
Net assets			<u>2,996,347</u>		<u>3,098,484</u>
Capital and reserves					
Called-up share capital	13		10,000		10,000
Capital contribution reserve			3,143		6,518
Profit and loss account			2,983,204		3,081,966
Total shareholders' funds			<u>2,996,347</u>		<u>3,098,484</u>

The notes on pages 10 to 20 form part of the financial statements.

These financial statements were approved by the board of directors on 16 September 2019 and were signed on its behalf by:



N. Hall
Director

26th September 2019

Statement of changes in equity
for the year ended 31 December 2018

	Called-up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2017	10,000	7,033	2,371,870	2,388,903
Profit for the financial year	-	-	706,873	706,873
Share based payment charge	-	2,708	-	2,708
Transfer from capital contribution reserve	-	(3,223)	3,223	-
Total comprehensive income /(expense) for the financial year		(515)	710,096	709,581
Balance at 31 December 2017	10,000	6,518	3,081,966	3,098,484

	Called-up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2018	10,000	6,518	3,081,966	3,098,484
Profit for the financial year	-	-	894,312	894,312
Transactions with owners, recorded directly in equity divided	-	-	(1,000,000)	(1,000,000)
Share based payment charge	-	3,551	-	3,551
Transfer from capital contribution reserve	-	(6,926)	6,926	-
Total comprehensive (expense) for the financial year		(3,375)	(98,762)	(102,137)
Balance at 31 December 2018	10,000	3,143	2,983,204	2,996,347

Notes

forming part of the financial statements

1. Accounting policies

Bathroom Distribution Group UK Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101).

The financial statements have been prepared in accordance with Companies Act 2006 as applicable to Companies using FRS101 and under the historical cost accounting rules.

The principal accounting policies are summarised below. They have been consistently applied throughout the year and all years presented, unless otherwise stated.

The Company's ultimate parent undertaking, Grafton Group plc includes the Company in its consolidated financial statements. The consolidated financial statements for the year ended 31 December 2018 are prepared in accordance with International Financial Reporting Standards as adopted by the EU. These are available to the public and may be obtained from www.graftonplc.com

As the consolidated financial statements of Grafton Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

IFRS 3 - not to restate business combinations before the date of transition

IFRS 7 - financial instrument disclosures

IFRS 13 - disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities

IAS 1 - Information on management of capital

IAS 7 - statement of cash flows

IAS 8 - disclosures in respect of new standards and interpretations that have been issued but are not yet effective

IAS 24 - disclosure of key management compensation and for related party disclosures entered into between two or more members of a group;

IAS 1 - the requirement to present roll forward reconciliations in respect of share capital and

IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

IFRS 15 - paragraphs 110b, 113a, 114, 115, 118, 119 a-c, 121-127, 129

Adoption of new and revised Standards

The company has applied IFRS 15 "Revenue from Contracts with Customers (which replaces IAS 18 "Revenue") and IFRS 9 "Financial Instruments" (which replaces IAS 39 "Financial Instruments") for the first time for the reporting period commencing 1 January 2018. IFRS 9 and IFRS 15 have not had a material impact on the company.

Measurement convention

The financial statements are prepared on the historical cost basis. Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

Notes (continued)**1 Accounting policies (continued)****Going concern**

The Directors, having made appropriate enquiries, believe that the Company as a whole has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of approval of the financial statements and, for this reason, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Financial Instruments

IFRS 9 Financial instruments effective 1 January 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Investments in equity instruments are measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income, not recycling. An expected credit losses model replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there are no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The classification and measurement basis for the Company's financial assets and liabilities has remained unchanged. The implementation of the expected loss model when calculating provisions against Trade Receivables also had no impact on the profits of the Company.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and Other Receivables and Payables

Trade and other receivables and payables are stated at amortised cost (less any impairment losses), which approximates to fair value given the short-term nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectable debts. Provision is made when there is objective evidence that the company will not be in a position to collect all of its receivables when they fall due. Bad debts are written-off in the income statement on identification.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated proceeds of sale less all further costs to completion and less all costs to be incurred in marketing, selling and distribution.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments.

Notes (continued)

1 Accounting policies (continued)

Tangible assets

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

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1st January 2014, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements 6.67 years
- Plant and machinery 4-6.67 years
- Fixtures, fittings and equipment 4-6.67 years
- Motor vehicles 4-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Revenue from contracts with customers

IFRS 15 Revenue from Contracts with Customers effective 1 January 2018, deals with revenues recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The company carried out a review of existing contractual arrangements and determined that there was no material impact for the Company's revenue streams. It has resulted in additional disclosures regarding provisions for refunds to customers for expected returns (note 10).

Turnover

Turnover relates to the principal activity of the Company, and arise wholly within the UK.

Turnover represents the fair value of goods, excluding value added tax, net of rebates and discounts, delivered to or collected by customers in the year. Goods are deemed to have been delivered to customers when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits.

Customer rebates paid and payable are deducted from turnover. Supplier rebates received and receivable in respect of goods which have been sold to the Company's customers are deducted from cost of sales in the profit and loss.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly 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 on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Turnover

Turnover and profit before taxation relate to the principal activity of the Company, and arises wholly within the UK

3. Profit before taxation

	2018 £	2017 £
Profit before taxation is stated after Charging/ (crediting):		
Auditors' remuneration:		
Audit of these financial statements	16,532	10,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	90,220	80,777
Profit on disposal of tangible fixed assets	(7,640)	(3,278)
Operating lease costs:		
- Land and buildings	280,114	145,000
- Other	60,772	64,434
	<hr/>	<hr/>

4. Interest receivable/(payable) and similar income/(expenses)

	2018 £	2017 £
Bank interest receivable/(payable)	1,223	(4,771)
	<hr/>	<hr/>

Notes (continued)

5. Staff numbers and costs

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

	Number of employees 2018	2017
Administrative and management	37	37
Sales and distribution	67	63
	<u>104</u>	<u>100</u>

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	2,302,281	2,110,111
Social security costs	197,082	170,711
Share based payments	3,551	2,708
Other pension costs (see note 15)	46,067	38,639
	<u>2,548,981</u>	<u>2,322,169</u>

The remuneration for the directors in 2017 were paid by another group company. The directors were directors of a number of fellow subsidiaries and it was not possible to make an accurate apportionment of emoluments in respect of each company. Their emoluments were included in the aggregate director's emoluments in the financial statements of the parent company.

6. Remuneration of director

	2018 £	2017 £
Director remuneration	124,828	-
Company contributions to money purchase schemes	5,897	-
	<u>130,725</u>	<u>-</u>

	Number of Directors 2018	2017
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	<u>1</u>	<u>-</u>

Notes (continued)

7. Tax on profit

	2018	2017
	£	£
Current tax :		
Current year charge	189,198	156,536
Adjustment in respect of prior years	(3,698)	(24,036)
Total current tax	185,500	132,500
Deferred tax :		
Current year charge	21,621	10,173
Adjustment in respect of prior years	(121)	2,326
Total deferred tax	21,500	12,500
Total tax charge	207,000	145,000

Factors affecting the tax charge for the current year

The total tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below.

7. Tax on profit (continued)

	2018	2017
	£	£
Profit before taxation	1,101,321	851,873
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	209,251	163,986
<i>Effects of:</i>		
Expenses not deductible for tax	2,401	4,070
Depreciation on non-qualifying assets	1,710	-
Adjustments to current tax charge in respect of prior years	(3,698)	(24,036)
Change in UK tax rate	(2,543)	(1,346)
Adjustments to deferred tax in respect of prior years	(121)	2,326
Total tax charge for year	207,000	145,000

Factors which may affect future tax charges

The UK corporation tax rate will reduce from 20% to 17% over a period of 3 years from 2017. A reduction to 19% from 1 April 2017 was substantively enacted on 26 October 2015 and a further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Deferred tax liabilities and assets as at 31 December 2018 have been calculated based on a rate of 17% as this is the rate substantively enacted at the year end.

Notes (continued)

8. Tangible assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At beginning of year	238,479	107,896	277,032	696,372	1,319,779
Additions	392,492	-	355,836	163,868	912,196
Disposals	(211,142)	(94,875)	(259,763)	(146,840)	(712,620)
At end of year	419,829	13,021	373,105	713,400	1,519,355
Accumulated depreciation					
At beginning of year	236,549	106,376	276,061	436,828	1,055,814
Charge for year	8,434	1,520	6,867	73,399	90,220
Disposals	(211,142)	(94,875)	(259,763)	(146,840)	(712,620)
At end of year	33,841	13,021	23,165	363,387	433,414
At 31 December 2018	385,988	-	349,940	350,013	1,085,941
At 31 December 2017	1,930	1,520	971	259,544	263,965

9. Stocks

	2018	2017
	£	£
Finished goods and goods for resale	4,222,347	2,928,499

Finished goods recognised as cost of sales in the year amounted to £13 million (2017: £12.8million). The write-down of stocks to net realisable value amounted to £ nil (2017: £35,000).

The directors consider that the replacement value of stock is not significantly different from the carrying value in the accounts.

Notes (continued)**10. Debtors**

	2018 £	2017 £
Trade debtors	2,534,268	2,403,687
Amounts due from group companies	5,965,508	4,509,481
Deferred tax asset (note 12)	42,321	63,821
Prepayments and accrued income	568,250	153,166
	<u>9,110,347</u>	<u>7,130,155</u>

Amounts due from group companies are unsecured, interest free and repayable on demand. All amounts included above fall due within one year. Trade debtors are stated after provisions for impairment of £24k (2017: £64k).

11. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,591,187	1,140,469
Amounts due to group companies	9,417,312	5,481,390
Accruals	706,073	1,468,689
	<u>11,714,572</u>	<u>8,090,548</u>

12. Deferred tax assets and liabilities*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Deferred Tax Assets 2018 £	Deferred Tax Liabilities 2018 £	Net deferred tax (asset)/ liability 2018 £	Deferred Tax Assets 2017 £	Deferred Tax Liabilities 2017 £	Net deferred tax (asset)/ liability 2017 £
Tangible fixed assets timing differences	(42,321)	-	(42,321)	(63,821)	-	(63,821)
Accruals/provisions	-	-	-	-	-	-
	<u>(42,321)</u>	<u>-</u>	<u>(42,321)</u>	<u>(63,821)</u>	<u>-</u>	<u>63,821</u>
Net tax liabilities/(assets)	(42,321)	-	(42,321)	(63,821)	-	63,821

Notes (continued)

12. Deferred tax assets and liabilities (Continued)

Movement in deferred tax during the year

	1 January 2018 £000	Recognised in income £000	Recognised in equity £000	31 December 2018 £000
Tangible fixed assets	(63,821)	21,500	-	(42,321)
	<u>(63,821)</u>	<u>21,500</u>	<u>-</u>	<u>(42,321)</u>

Movement in deferred tax during the prior year

	1 January 2017 £000	Recognised in income £000	Recognised in equity £000	31 December 2017 £000
Tangible fixed assets	(73,321)	9,500	-	(63,821)
Provisions/accruals	(3,000)	3,000	-	-
	<u>(76,321)</u>	<u>12,500</u>	<u>-</u>	<u>(63,821)</u>

Deferred tax assets have been recognised in respect of certain fixed asset timing differences and accruals where it is probable that they will be utilised against taxable profits in the foreseeable future. The carrying value of these deferred tax assets was assessed based on estimates and judgements of the availability of future taxable profits.

13. Called up share capital

	2018 £	2017 £
Authorised, Allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Notes (continued)**14. Commitments**

Cumulative commitments under non-cancellable operating leases are as follows:

	2018		2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases due				
Within one year	210,283	60,219	132,917	63,391
In the second to fifth years inclusive	1,328,105	44,481	-	55,551
Over five years	907,238	-	-	-
	<u>2,445,626</u>	<u>104,700</u>	<u>132,917</u>	<u>118,942</u>

The Company leases a number of properties under operating leases. During the year, £340,886 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £209,434).

15. Retirement benefit scheme

The Company contributes to the personal retirement benefit schemes of certain employees. The charge for the year amounted to £46,067 (2017: £38,639). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16. Guarantees

The Company, along with other subsidiaries of Grafton Group plc, acts as a guarantor for the group bank borrowings which drawn at the balance sheet date amounted to £291.4 million (2017: £315.2 million). Undrawn committed facilities at the balance sheet date amounted to £356.8 million (2017: £213.1 million).

In addition the Company, along with other subsidiaries of Grafton Group plc, acts as a guarantor for other group bank overdraft facilities of £103.6 million (2017: £101.1 million) which were undrawn at the year end.

17. Accounting estimates and judgements

The Company's main accounting policies affecting its results and financial condition are set out on pages 10 to 13. Judgements and assumptions have been made by management by applying the Company's accounting policies in certain areas. Actual results may differ from estimates calculated using these judgements and assumptions. Key sources of estimation uncertainty and critical accounting judgements are as follows:

Amounts due from group companies

A key judgement impacting this Company is over the recoverability of amounts due from group companies. The Directors' have assessed the amounts due from group companies and believe that all balances will be recovered in full in the future.

Notes (continued)

18. Ultimate parent company

The company's immediate parent undertaking is Grafton Group (UK) plc.

The company is a subsidiary undertaking of Grafton Group plc, which is the ultimate parent company and controlling party incorporated in the Republic of Ireland. The largest and smallest group in which the results of the company are consolidated is that headed by Grafton Group plc. No other group financial statements include the results of the company. The consolidated financial statements of these groups are available to the public and may be obtained from Grafton Group plc, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

19. Dividend on equity shares

	2018 £	2017 £
Dividend for the year ended 31 December 2018 of £100 (2017: £nil) per Ordinary share	1,000,000	-