

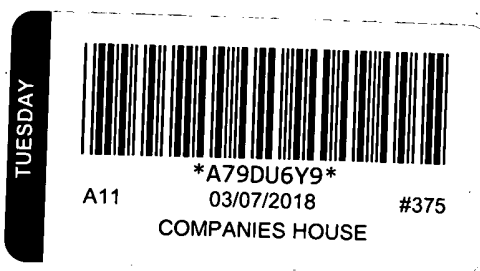
Bathroom Distribution Group UK Limited  
Registered number 01367550  
Annual report and financial statements  
Year ended 31 December 2017

**Bathroom Distribution Group UK Limited**

**Annual report and financial statements**

**Registered number 01367550**

**31 December 2017**



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## **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

The principal activity of the Company during the year under review was that of distribution of bathroom equipment. 2017 has been another positive trading year for Bathroom Distribution Group UK Limited, despite the challenges brought about following Brexit and the consumer confidence levels. The market remained volatile in the final 6 months continuing the fragility of the UK economy. Given these testing trading conditions in 2017, Bathroom Distribution Group UK Limited has worked hard to re-gain and increase market share which has resulted in a positive year both in top line sales and maintaining margin.

### Health and Safety

There were no major incidents to report in the year to 31 December 2017.

### Key Performance Indicators

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

	2017	2016
Turnover	£18,803,251	£18,643,521
Operating profit	£856,644	£1,571,133
Operating margin	4.56%	8.43%
Liquidity ratio	1.35	1.34

### Outlook

The UK bathroom products market remained volatile throughout 2017 and the forecast is modest growth in 2018, 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 2018.

### Events after the balance sheet date

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

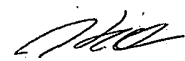
### Principal risks and uncertainties

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

28 June 2018

## Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

### Results and dividends

The Company's profit for the financial year is £706,873 (2016: £1,114,939). No dividend was declared or paid during the year (2016: £3,700,000).

### 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 Slark  
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 (2016: £nil). Donations to UK charities amounted to £nil (2016: £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

28 June 2018

## 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

28 June 2018

## **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 2017 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, which comprise: the Balance sheet as at 31 December 2017; 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

#### **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.

### ***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 2017 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 Statement of directors' responsibilities in respect of the financial statements set out on page 4, 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](http://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.

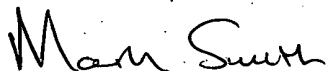
### **Other required reporting**

#### **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  
28 June 2018



## Profit and loss

for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	18,803,251	18,643,521
Cost of sales		(12,819,396)	(12,478,631)
<b>Gross profit</b>		<b>5,983,855</b>	<b>6,164,890</b>
Administrative expenses		(5,127,211)	(4,591,425)
<b>Operating profit</b>		<b>856,644</b>	<b>1,573,465</b>
Interest receivable and similar income	4	-	31,474
Interest payable and similar expenses	5	(4,771)	-
<b>Profit before taxation</b>	3	<b>851,873</b>	<b>1,604,939</b>
Tax on profit	7	(145,000)	(490,000)
<b>Profit for the financial year</b>		<b>706,873</b>	<b>1,114,939</b>

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 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	8		263,965		182,676
<b>Current assets</b>					
Stocks	9	2,928,499		2,817,895	
Debtors	10	7,130,155		5,593,586	
Cash at bank and in hand		866,413		234,587	
		<u>10,925,067</u>		<u>8,646,068</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,090,548)</u>		<u>(6,439,841)</u>	
<b>Net current assets</b>			<u>2,834,519</u>		<u>2,206,227</u>
<b>Total assets less current liabilities</b>			<u>3,098,484</u>		<u>2,388,903</u>
<b>Net assets</b>			<u>3,098,484</u>		<u>2,388,903</u>
<b>Capital and reserves</b>					
Called-up share capital	13		10,000		10,000
Capital contribution reserve			6,518		7,033
Profit and loss account			3,081,966		2,371,870
<b>Total shareholders' funds</b>			<u>3,098,484</u>		<u>2,388,903</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 28 June 2018 and were signed on its behalf by:



**N. Hall**  
Director

**28** June 2018

**Statement of changes in equity**  
*for the year ended 31 December 2017*

	<b>Called-up share capital £</b>	<b>Capital contribution reserve £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2016	10,000	3,791	4,960,173	4,973,964
Profit for the financial year	-	-	1,114,939	1,114,939
Transfer from capital contribution reserve	-	3,242	(3,242)	-
Dividend (note 18)	-	-	(3,700,000)	(3,700,000)
Total comprehensive income /(expense) for the financial year	-	3,242	(2,588,303)	(2,585,061)
<b>Balance at 31 December 2016</b>	<b>10,000</b>	<b>7,033</b>	<b>2,371,870</b>	<b>2,388,903</b>

	<b>Called-up share capital £</b>	<b>Capital contribution reserve £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
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
<b>Balance at 31 December 2017</b>	<b>10,000</b>	<b>6,518</b>	<b>3,081,966</b>	<b>3,098,484</b>

## Notes

*forming part of the financial statements*

### 1 Accounting policies

Bathroom Distribution Group UK Limited (the "Company") is a private limited company 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 and 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 2017 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](http://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:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

#### **Adoption of new and revised standards**

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017 have 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 significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

## 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.

#### 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 Group 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.

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### 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.

#### 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 1<sup>st</sup> 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### Tangible assets (continued)

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.

#### 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.

##### 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

## Notes (continued)

### 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

	2017 £	2016 £
Profit before taxation is stated after charging / (crediting):		
Auditors' remuneration:		
Audit of these financial statements	10,000	15,494
Depreciation and other amounts written off tangible fixed assets:		
Owned:	80,777	66,379
Profit on disposal of tangible fixed assets	(3,278)	(2,332)
Operating lease costs:		
- Land and buildings	145,000	145,000
- Other	64,434	49,051
	<u>200,933</u>	<u>178,222</u>

### 4 Interest receivable and similar income

	2017 £	2016 £
Bank interest	-	31,474
	<u>-</u>	<u>31,474</u>

### 5 Interest payable and similar expense

	2017 £	2016 £
Bank interest payable	4,771	-
	<u>4,771</u>	<u>-</u>

### 6 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	
	2017	2016
Administrative and management	37	38
Sales and distribution	63	67
	<u>100</u>	<u>105</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	2,110,111	2,095,220
Social security costs	170,711	172,978
Share based payments	2,708	3,242
Other pension costs (see note 14 )	38,639	39,235
	<u>2,322,169</u>	<u>2,310,675</u>



## Notes (continued)

### 6 Staff numbers and costs (continued)

The remuneration for the directors in 2017 and 2016 were paid by another group company. The directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of emoluments in respect of each company. Their emoluments are included in the aggregate director's emoluments in the financial statements of the parent company.

### 7 Tax on profit

	2017	2016
	£	£
<b>Current Tax :</b>		
Current year charge	156,536	328,778
Adjustment in respect of prior years	(24,036)	144,222
<b>Total current tax</b>	<b>132,500</b>	<b>473,000</b>
<b>Deferred tax :</b>		
Current year charge	10,173	17,000
Adjustment in respect of prior years	2,326	-
<b>Total deferred tax</b>	<b>12,500</b>	<b>17,000</b>
<b>Total Tax Charge</b>	<b>145,000</b>	<b>490,000</b>

#### Factors affecting the tax charge for the current year

The total tax charge for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016:20%). The differences are explained below.

	2017	2016
	£	£
<b>Profit before taxation</b>	<b>851,873</b>	<b>1,604,939</b>
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016:20%)	163,986	320,988
<i>Effects of:</i>		
Expenses not deductible for tax	4,070	20,641
Depreciation on non-qualifying assets	-	800
Adjustments to current tax charge in respect of prior years	(24,036)	144,222
Change in UK tax rate	(1,346)	3,349
Adjustments to deferred tax in respect of prior years	2,326	-
<b>Total tax charge for year</b>	<b>145,000</b>	<b>490,000</b>

#### 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. The will reduce the company's future current tax charge accordingly.

Deferred tax liabilities and assets as at 31 December 2017 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 £
<b>Cost</b>					
At beginning of year	238,999	135,580	294,478	742,866	1,411,923
Additions	-	-	-	162,066	162,066
Disposals	(520)	(27,684)	(17,446)	(208,560)	(254,210)
<b>At end of year</b>	<b>238,479</b>	<b>107,896</b>	<b>277,032</b>	<b>696,372</b>	<b>1,319,779</b>
<b>Accumulated depreciation</b>					
At beginning of year	234,557	131,458	292,873	570,359	1,229,247
Charge for year	2,512	2,602	634	75,029	80,777
Disposals	(520)	(27,684)	(17,446)	(208,560)	(254,210)
<b>At end of year</b>	<b>236,549</b>	<b>106,376</b>	<b>276,061</b>	<b>436,828</b>	<b>1,055,814</b>
<b>At 31 December 2017</b>	<b>1,930</b>	<b>1520</b>	<b>971</b>	<b>259,544</b>	<b>263965</b>
At 31 December 2016	4,442	4,122	1,605	172,507	182,676

### 9 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	2,928,499	2,817,895

Finished goods recognised as cost of sales in the year amounted to £12.8million (2016: £12.5million). The write-down of stocks to net realisable value amounted to £35,000 (2016: £nil).

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

**Notes** *(continued)*

**10 Debtors**

	2017 £	2016 £
Trade debtors	2,403,687	2,800,051
Amounts due from group companies	4,509,481	2,545,031
Deferred tax asset (note 12)	63,821	76,321
Prepayments and accrued income	153,166	172,183
	<u>7,130,155</u>	<u>5,593,586</u>

Amounts due from group companies are unsecured, interest free and repayable on demand. All amounts included above fall due within one year.

**11 Creditors: amounts falling due within one year**

	2017 £	2016 £
Trade creditors	1,140,469	977,395
Amounts due to group companies	4,875,390	3,961,261
Accruals	1,468,689	1,028,185
Corporation Tax	606,000	473,000
	<u>8,090,548</u>	<u>6,439,841</u>

## Notes (continued)

### 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	Deferred Tax Liabilities	Net deferred tax liability /(asset)	Deferred Tax Assets	Deferred Tax Liabilities	Net deferred tax (asset)/ liability
	2017 £	2017 £	2017 £	2016 £	2016 £	2016 £
Tangible fixed assets timing differences	(63,821)	-	(63,821)	(73,321)	-	(73,321)
Provisions/accruals	-	-	-	(3,000)	-	(3,000)
	<u>(63,821)</u>	<u>-</u>	<u>(63,821)</u>	<u>(76,321)</u>	<u>-</u>	<u>(76,321)</u>
Net tax (assets)/ liabilities	(63,821)	-	63,821	(76,321)	-	(76,321)

#### Movement in deferred tax during the 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>

#### Movement in deferred tax during the prior year

	1 January 2016 £000	Recognised in income £000	Recognised in equity £000	31 December 2016 £000
Tangible fixed assets	(90,321)	17,000	-	(73,321)
Provisions/accruals	(3,000)	-	-	(3,000)
	<u>(93,321)</u>	<u>17,000</u>	<u>-</u>	<u>(76,321)</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.

## Notes (continued)

### 13 Called up share capital

	2017 £	2016 £
Authorised, Allotted, called up and fully paid 10,000 ordinary shares of £1 each	10,000	10,000

### 14 Commitments

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

	2017		2016	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases due				
Within one year	132,917	63,391	145,000	49,051
In the second to fifth years inclusive	-	55,551	132,917	86,770
	<u>132,917</u>	<u>118,942</u>	<u>277,917</u>	<u>135,821</u>

The Company leases a number of properties under operating leases. During the year, £209,434 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £194,051).

### 15 Retirement benefit scheme

The Company contributes to the personal retirement benefit schemes of certain employees. The charge for the year amounted to £38,639 (2016: £39,235). 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 £315.2 million (2016: £300.7million). Undrawn committed facilities at the balance sheet date amounted to £213.1 million (2016 £217.6 million).

In addition the Company, along with other subsidiaries of Grafton Group plc, acts as a guarantor for other group bank overdraft facilities of £101.1 million (2016: £45.6 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**

	2017 £	2016 £
Dividend for the year ended 31 December 2017 of £nil (2016: £3,700,000) per Ordinary share	-	3,700,000
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