

# James Kent (Ceramic Materials) Limited

## FINANCIAL STATEMENTS

31 December 2017

PAGES FOR FILING WITH REGISTRAR



Company Registration No. 01484469

# James Kent (Ceramic Materials) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

# James Kent (Ceramic Materials) Limited

## STATEMENT OF FINANCIAL POSITION

at 31 December 2017

	Note	At 31 December 2017 £	At 1 January 2017 £
<b>FIXED ASSETS</b>			
Tangible assets	3	800,683	864,007
<b>CURRENT ASSETS</b>			
Stocks	4	455,603	370,458
Debtors (including amounts falling due in more than one year of £464,986 (2016: £nil))	5	1,609,776	626,721
Cash at bank and in hand		199,197	70,600
		<u>2,264,576</u>	<u>1,067,779</u>
<b>CREDITORS: amounts falling due within one year</b>	6	<b>(1,228,749)</b>	<b>(926,995)</b>
<b>NET CURRENT ASSETS</b>		<b>1,035,827</b>	<b>140,784</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,836,510</b>	<b>1,004,791</b>
<b>CREDITORS: amounts falling due after more than one year</b>	7	<b>(469,986)</b>	<b>(27,111)</b>
<b>PROVISIONS FOR LIABILITIES</b>	8	<b>(123,969)</b>	<b>(132,342)</b>
<b>NET ASSETS</b>		<b>1,242,555</b>	<b>845,338</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	320,000	320,000
Revaluation reserve		7,280	7,748
Profit and loss account		915,275	517,590
<b>TOTAL EQUITY</b>		<b>1,242,555</b>	<b>845,338</b>

The directors of the company have elected not to include a copy of the Income Statement within the financial statements.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 2 to 12 were approved by the board of directors and authorised for issued on 27 April 2018 and are signed on its behalf by:

  
**JMA Fendek**  
Director

  
**MK Jones**  
Director

Company Registration No. 01484469

# James Kent (Ceramic Materials) Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

James Kent (Ceramic Materials) Limited is a private Company limited by shares, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Fountain Street, Fenton, Stoke-on-Trent, Staffordshire, ST4 2HB.

### BASIS OF ACCOUNTING

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"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

Monetary amounts are rounded to the nearest whole £1 except where otherwise stated.

### GOING CONCERN

The Company meets its day-to-day working capital requirements through an invoice discounting facility that was agreed in October 2011 and thereafter will be on a rolling basis with three months notice together with an agreed overdraft facility and bank loan.

The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company should be able to operate within the current level of the invoice discounting facility and bank facilities.

The directors, having assessed the forecasts and information available, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of James Kent (Ceramic Materials) Limited to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are measured initially at cost and subsequently measured at cost or valuation net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

Freehold buildings	-	2.5% per annum
Long leasehold improvements	-	2.5-5% per annum
Plant and machinery	-	10-12.5% per annum on cost
Fixtures, fittings, tools and equipment	-	25% per annum on cost

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

# James Kent (Ceramic Materials) Limited

## ACCOUNTING POLICIES

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### REVALUATION OF PROPERTIES

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

### STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

### FUNCTIONAL AND PRESENTATIONAL CURRENCY

The financial statements are presented in sterling which is also the functional currency of the Company.

### FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# James Kent (Ceramic Materials) Limited

## ACCOUNTING POLICIES

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### TAXATION (continued)

Current and deferred tax is charged or credited in profit or loss when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### LEASED ASSETS AND OBLIGATIONS

All leases are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### PENSION COSTS

The Company operates a defined contribution scheme. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### RESEARCH AND DEVELOPMENT

All research and other development costs are written off as incurred.

### TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

#### *Sale of speciality technical glasses, refractory coatings and frits*

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of speciality technical glasses, refractory coatings and frits are recognised when goods are delivered and legal title has passed and the Company has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer.

### RENTAL INCOME

Rental income is recognised in the financial statements when due from the tenant.

### FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# James Kent (Ceramic Materials) Limited

## ACCOUNTING POLICIES

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### FINANCIAL INSTRUMENTS (continued)

#### ***Financial assets***

##### ***Trade, group and other debtors***

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss. No provisions were held at the period ends.

##### ***Financial liabilities and equity***

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### ***Bank overdrafts***

Bank overdrafts are presented within creditors: amounts falling due within one year.

##### ***Equity instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### ***Trade, group and other creditors***

Trade, group and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

##### ***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### PROFIT AND LOSS RESERVE

The cumulative profit and loss net of distributions to owners.

### REVALUATION RESERVES

The cumulative revaluation gains and losses in respect of land and buildings except revaluation gains and losses recognised in profit and loss.

### DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

# James Kent (Ceramic Materials) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the 364 day period ended 31 December 2017

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### 1 EMPLOYEES AND DIRECTORS' REMUNERATION

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

	364 day period ended 31 December 2017 Number	364 day period ended 1 January 2017 Number
Production and laboratory	20	20
Sales and administration	11	11
Directors	7	7
	<hr/> 38	<hr/> 38

#### DIRECTORS' REMUNERATION

	364 day period ended 31 December 2017 £	364 day period ended 1 January 2017 £
Emoluments	64,051	66,143
Contributions to money purchase pension schemes	15,241	15,840
	<hr/> 79,292	<hr/> 81,983

	364 day period ended 31 December 2017 Number	364 day period ended 1 January 2017 Number
Retirement benefits are accruing to the following number of directors		
Money purchase pension scheme	1	1

### 2 DIVIDENDS

Dividends amounting to £180,000 were paid in the year at 56.3p per share (1 January 2017: £120,000 were paid in the year at 37.5p per share and £64,893 at 20.3p per share).



# James Kent (Ceramic Materials) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the 364 day period ended 31 December 2017

### 3 TANGIBLE FIXED ASSETS

	Freehold buildings £	Long leasehold improve- ments £	Plant and Machinery £	Fixtures, fittings, tools and equipment £	Total £
<b>COST OR VALUATION</b>					
At beginning of period	140,755	677,234	718,240	44,528	1,580,757
Disposals	-	-	-	(8,991)	(8,991)
<b>COST</b>	-	677,234	718,240	35,537	1,431,011
<b>VALUATION</b>	140,755	-	-	-	140,755
At end of period	140,755	677,234	718,240	35,537	1,571,766
<b>DEPRECIATION</b>					
At beginning of period	10,595	99,003	564,220	42,932	716,750
Charge for period	3,509	24,962	33,266	1,587	63,324
On disposals	-	-	-	(8,991)	(8,991)
At end of period	14,104	123,965	597,486	35,528	771,083
<b>CARRYING AMOUNT</b>					
<b>At 31 December 2017</b>	<b>126,651</b>	<b>553,269</b>	<b>120,754</b>	<b>9</b>	<b>800,683</b>
At 1 January 2017	130,160	578,231	154,020	1,596	864,007

Particulars relating to revalued assets are given below:

	<b>At 31 December 2017 £</b>	<b>At 1 January 2017 £</b>
<b>BUILDINGS</b>		
Historical cost of revalued assets	<b>152,133</b>	152,133
Aggregate depreciation based on historical cost	<b>(25,134)</b>	(21,331)
Historical cost net book value	<b>126,999</b>	130,802

On 9 April 2014 the freehold land and buildings of the James Kent Consolidated Limited group were revalued by chartered surveyors Butters John Bee. The open market value of the freehold interest in the property free from encumbrance, with the benefit of full possession is £1,870,000. The valuation had been carried out in accordance with the guidance notes issued by The Royal Institute of Chartered Surveyors for Asset Valuations. Of the total valuation of £1,870,000, £140,755 has been allocated to James Kent (Ceramic Materials) Limited being the estimated value of the property still held by this Company.

# James Kent (Ceramic Materials) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the 364 day period ended 31 December 2017

4	STOCKS	At 31 December 2017 £	At 1 January 2017 £
	Raw materials and consumables	104,704	99,345
	Work in progress	27,400	23,290
	Finished goods and goods for resale	323,499	247,823
		<u>455,603</u>	<u>370,458</u>
5	DEBTORS	At 31 December 2017 £	At 1 January 2017 £
	<i>Amounts due in less than one year:</i>		
	Trade debtors	694,479	391,716
	Amounts owed by group undertakings	245,127	-
	Other debtors	108,162	159,682
	Prepayments and accrued income	97,022	75,323
		<u>1,144,790</u>	<u>626,721</u>
	<i>Amounts due in more than one year:</i>		
	Amounts owed by group undertakings	464,986	-
		<u>1,609,776</u>	<u>-</u>
6	CREDITORS: Amounts falling due within one year	At 31 December 2017 £	At 1 January 2017 £
	Bank overdrafts	-	91,353
	Bank loans	136,111	53,720
	Amounts due to invoice discounter	411,406	177,077
	Trade creditors	282,607	254,743
	Amounts owed to by group undertakings	100,883	131,451
	Other taxation and social security	37,554	43,950
	Accruals and deferred income	76,660	45,860
	Other creditors	78,556	101,535
	Deferred consideration	-	26,976
	Corporation tax payable	104,972	330
		<u>1,228,749</u>	<u>926,995</u>

# James Kent (Ceramic Materials) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the 364 day period ended 31 December 2017

### 7 CREDITORS: Amounts falling due in more than one year

	At 31 December 2017 £	At 1 January 2017 £
Bank loans	469,986	27,111

The bank loans are repayable on a monthly basis and incur interest at rates of 2% and 2.43% above base rate. The base rate at the period end was 0.5%. The bank loans are repayable in February 2018 and March 2019.

### 8 PROVISIONS FOR LIABILITIES

	Deferred taxation £
At beginning of period	132,342
Credit in the period	(8,373)
<b>At end of period</b>	<b>123,969</b>

### 9 CALLED UP SHARE CAPITAL

	At 31 December 2017 £	At 1 January 2017 £
Allotted, called up and fully paid:		
128,000 ordinary A shares of £1	128,000	128,000
112,000 ordinary B shares of £1	112,000	112,000
80,000 ordinary C shares of £1	80,000	80,000
	<b>320,000</b>	<b>320,000</b>

# James Kent (Ceramic Materials) Limited

## NOTES TO THE FINANCIAL STATEMENTS for the 364 day period ended 31 December 2017

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### 10 COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December 2017 £	At 1 January 2017 £
Amounts due:		
Within one year	24,508	59,088
In the second to fifth years inclusive	25,842	33,715
	<hr/>	<hr/>
	50,350	92,803
	<hr/>	<hr/>

### 11 CONTINGENT LIABILITIES AND SECURITIES

All group companies are members of a VAT group. At 31 December 2017 the VAT exposure of the VAT group excluding that of the Company was £32,954 (1 January 2017: £71,645).

National Westminster Bank Plc holds an all unscheduled debenture incorporating a fixed charge by way of legal mortgage on all freehold and leasehold property owned by the Company (including land); and a first legal charge on the freehold and leasehold properties of the Company not effectively mortgaged, all fixtures and fittings and all fixed plant and machinery.

The Company has a signed cross guarantee to secure the bank indebtedness with National Westminster Bank Plc to James Kent (Ceramic Materials) Limited, KMCI Limited, James Kent Consolidated Limited, Cera Dynamics Limited, Martin Colour Company Limited and James Kent Group Limited. At the period end this was £nil (1 January 2017: £nil).

HSBC Invoice Finance (UK) Limited holds a fixed and floating charge on all the assets of the Company dated 10 November 2010.

HSBC Bank plc holds a debenture dated 18 August 2010 over the assets of the Company.

HSBC Bank plc also has a charge over contract monies.

The Company has signed a multilateral cross guarantee to secure the bank indebtedness with HSBC Bank Plc with KMCI Limited, James Kent Consolidated, Cera Dynamics Limited, James Kent Group Limited and Martin Colour Company Limited. The exposure at the period end was £nil (1 January 2017: £36,783).

The Company has issued letters of support to its sister subsidiaries of the James Kent Consolidated Limited group. The Company is unable to quantify the impact of this support.

# James Kent (Ceramic Materials) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the 364 day period ended 31 December 2017

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### 12 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of James Kent Consolidated Limited, a Company incorporated in the United Kingdom.

James Kent Consolidated Limited is the ultimate parent undertaking and is the largest and smallest group for which consolidated accounts, including James Kent (Ceramic Materials) Limited, are prepared.

The consolidated financial statements of James Kent Consolidated Limited are available to the public from Companies House, Maindy, Cardiff, CF12 3UZ.

There is no ultimate controlling party.

### 13 AUDIT REPORT

As the Income Statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

- The auditor's report was unqualified;
- The senior statutory auditor was Adam Krupski; and
- The auditor was RSM UK Audit LLP.