

# Financial Statements Naylor Industries Plc

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**For the year ended 28 February 2015**

**Registered number: 2908579**

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## Company Information

<b>Directors</b>	Edward Naylor David Fletcher Bridget Warner-Adsetts Ruth Moran (appointed 10 November 2014)
<b>Company secretary</b>	Ruth Moran
<b>Registered number</b>	2908579
<b>Registered office</b>	Clough Green Cawthorne Barnsley South Yorkshire S75 4AD
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
<b>Bankers</b>	HSBC Bank Plc South Yorkshire Commercial Centre 4 Europa Court Sheffield South Yorkshire S9 1XE
<b>Solicitors</b>	DLA Piper LLP Fountain Precinct Balm Green Sheffield S1 1RZ

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## Directors' Report

For the year ended 28 February 2015

The directors present their report and the audited financial statements for the year ended 28 February 2015.

### Principal activities

Naylor Industries plc is the parent company of subsidiaries involved in the manufacture and sale of building materials - principally pipes and lintels as well as gardenware. The Group's Head Office is in Cawthorne, South Yorkshire. The Group's operating subsidiaries are:

- Naylor Drainage Ltd, whose primary activity is the manufacture and sale of clay and plastic pipe systems and decorative garden pots. This company operates from sites in Cawthorne (South Yorkshire), Tipton (West Midlands) and Methil (Fife) and has 5 operating divisions - Clay, Gardenware, Cawthorne Plastics, Methil and Specialist Plastics.
- Naylor Concrete Products Ltd, whose activity is the manufacture of concrete products, primarily pre-stressed concrete lintels. This company has historically operated from a leasehold site in Ossett (West Yorkshire), although a move to a new and much larger freehold site in Barugh Green, South Yorkshire, commenced in Spring 2015, after the end of the financial year.

### Results and dividend

The profit for the year after taxation amounted to £1,743,548 (2014 - £953,082).

No dividends were paid or are proposed on any Ordinary or Preference Shares in respect of the year ended 28 February 2015 (2014: £nil).

### Directors

The directors who served during the year and their interests in the group's issued share capital were:

	A Ordinary shares of £1 each		B Ordinary shares of £1 each		C Ordinary shares of £1 each	
	2015	2014	2015	2014	2015	2014
Edward Naylor	248,855	248,855	250,000	250,000	137,300	137,300
Andrew Trippitt (resigned 8 November 2014)	-	-	-	-	-	-
David Fletcher	79,520	79,520	-	-	-	-
Bridget Warner-Adsetts	79,520	79,520	-	-	-	-
Ruth Moran (appointed 10 November 2014)	-	-	-	-	-	-

In addition to the shares held above, Edward Naylor holds 3,901,030 (2014 - 3,901,030) of Deferred shares.

### Research and development

Innovation remains important to the Group, with all the Group's businesses being active in new product development. The Group continues to benefit from Research & Development grants, reflecting the high levels of R&D across all divisions. To increase the resource available for new product development, a Group New Product Development Manager was appointed during the year.

Research and development expenditure is written off during the year in which it is incurred.

## Directors' Report

For the year ended 28 February 2015

### Matters covered in the Strategic report

Disclosures of the financial risks have been included in the Strategic Report.

### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited 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 audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 August 2015 and signed on its behalf.



**Ruth Moran**  
Director

## Group Strategic Report

For the year ended 28 February 2015

### Introduction

The Group's key markets remained reasonably buoyant which provided a benign background to further business development.

### Business review and key performance indicators

The Group has had a year of progress, with increased revenues and profitability.

	2015	2014
Turnover growth	11%	21%
Gross profit	33%	29%
Operating profit before exceptional items	£2,414,293	£1,889,373
Turnover per employee	£160,418	£137,813
Stock	£5,812,374	£4,946,476

The Group again achieved double digit turnover growth, whilst achieving an improvement in gross margins. The Operating Margin before Exceptionals also increased to 5.2% from 4.5%. Whilst long term, the Directors are aiming at an Operating Margin of 10%, the current level of return is felt acceptable given the considerable investment which the Group is making in improving existing operations and launching new activities.

Turnover per employee has remained broadly consistent and in the Directors' opinion reflects a reasonable level of productivity.

Net debt has reduced 9% during the year; the Directors are however anticipating a modest increase in debt in the year ahead reflecting the acquisition of new freehold premises for Naylor Concrete Products Ltd at Barugh Green and for Naylor Drainage Ltd's Specialist Plastics Division at Wombwell, both of which took place after the year end.

Stock levels have increased 18%, partly reflecting the increased turnover and partly reflecting the launch of new business activities.

#### NAYLOR DRAINAGE LTD

Naylor Drainage Ltd turnover increased by 10.3% during the year, reflecting further progress across all five of our divisions. There was again considerable investment in modernising operations, particularly within our Clay division and improving efficiency across all our sites; notwithstanding this, gross margins improved during the year from 27.2% to 31.3% and Operating Profits from £1.7m to £2.2m. Operating Margins before Exceptionals remained fairly constant at 5.7% compared to 5.2% in the prior year.

The major item of capital expenditure during the year related to the construction of a new shuttle kiln in the Clay division of Naylor Drainage Ltd which accounted for £1.45m of the £2.1m of Group capital investment.

#### NAYLOR CONCRETE PRODUCTS LTD

Progress in Naylor Concrete Products Ltd has been boosted by growth in non-lintel product sales: over recent years, the company has launched new products including Easiedge hoarding bases and Easiwall retaining wall blocks. As a consequence, the turnover of Naylor Concrete Products Ltd increased by 14.8% during the year. Gross margins also increased from 46.7% to 48.7% as a result of continued action to increase manufacturing efficiencies.

## **Group Strategic Report (continued)**

**For the year ended 28 February 2015**

As mentioned above, Naylor Concrete Products Limited commenced the move from its historic leasehold site at Ossett to a new freehold site in Barugh Green shortly after the end of the financial year. Lease dilapidation and other costs of exiting the current site have been provided for in the current year's financial statements.

### **Principal risks and uncertainties**

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The Group does not have material exposures in any of the areas identified above and, consequently, does not use derivative instruments to manage these exposures.

The Group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations. The main risks arising from the Group's financial instruments can be analysed as follows:

#### **Price risk**

The Group has no exposure to securities price risk, as it holds no listed equity investments.

#### **Foreign currency risk**

The Group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. Historically, the Group has both bought and sold goods internationally. Whilst the main foreign currency in which the Group operates continues to be the Euro, the Group's exposure to the Dollar continues as a result of the ongoing sourcing of garden pots from South East Asia. During the financial year, the Group bought forward a majority of its Dollar requirement, thereby fixing the sterling cost of most of its purchases.

#### **Credit risk**

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The group also has credit insurance in place which covers much of the outstanding debtor balance. The amounts presented in the Balance sheet are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment.

Credit risk on liquid funds is minimized by depositing these funds with HSBC; the group has a net liability to HSBC. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### **Liquidity risk**

The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under finance leases, and arranging funding for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility.

#### **Cash flow interest rate risk**

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the group.

## Group Strategic Report (continued)

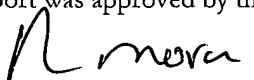
For the year ended 28 February 2015

### Future developments

Towards the end of the year, Naylor Drainage Ltd acquired certain assets from the administrators of Source Control and Raglan Plastics, businesses offering water management and reprocessed polymer materials respectively. Subsequently, the Company launched two new divisions, Naylor Environmental and Naylor Polymers. Whilst these businesses are not material to the current year's activities, it is anticipated that they will contribute towards further growth.

After the end of the year, the Group acquired new freehold sites at Barugh Green and Wombwell, both in South Yorkshire, for considerations of £2.15m and £1.2m respectively. Naylor Concrete Products Ltd commenced relocation of its activities from its existing leasehold site in Ossett to Barugh Green in Spring 2015 and Naylor Specialist Plastics is due to commence relocation of its Amco Plastics business from Wath to Wombwell in Winter 2015. It is anticipated that the relocation of both businesses will have a considerable impact on the 2016 financial statements.

This report was approved by the board and signed on its behalf.

  
**Ruth Moran**  
Director

Date: 17 August 2015



## Independent Auditor's Report to the Members of Naylor Industries Plc

We have audited the financial statements of Naylor Industries Plc for the year ended 28 February 2015, which comprise the consolidated Profit and loss account, the consolidated and company Balance sheets, the consolidated Cash flow statement, note of consolidated historical cost profits and losses and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Naylor Industries Plc

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

*Grant Thornton UK LLP*

Victoria McLoughlin (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Leeds

17 August 2015

## Consolidated Profit and Loss Account

For the year ended 28 February 2015

	Note	2015 £	2014 £
Turnover	1,2	46,842,150	42,308,528
Cost of sales	3	<u>(31,421,098)</u>	<u>(29,990,024)</u>
<b>Gross profit</b>		<b>15,421,052</b>	<b>12,318,504</b>
Distribution costs	3	(4,770,385)	(4,148,763)
Administrative expenses	3	(8,236,374)	(6,280,368)
Exceptional administrative expenses		<u>(302,841)</u>	<u>(240,800)</u>
Total administrative expenses		<u>(8,539,215)</u>	<u>(6,521,168)</u>
<b>Operating profit</b>	4	<b>2,111,452</b>	<b>1,648,573</b>
Interest payable and similar charges	8	<u>(367,904)</u>	<u>(361,591)</u>
<b>Profit on ordinary activities before taxation</b>		<b>1,743,548</b>	<b>1,286,982</b>
Tax on profit on ordinary activities	10	<u>(342,500)</u>	<u>(333,900)</u>
<b>Profit for the financial year</b>	20	<u><b>1,401,048</b></u>	<u><b>953,082</b></u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 13 to 31 form part of these financial statements.

## Note of Consolidated Historical Cost Profits and Losses

For the year ended 28 February 2015

	2015 £	2014 £
<b>Reported profit on ordinary activities before taxation</b>	<b>1,743,548</b>	<b>1,286,982</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>12,314</b>	<b>12,314</b>
<b>Historical cost profit on ordinary activities before taxation</b>	<b>1,755,862</b>	<b>1,299,296</b>
<b>Historical profit for the year after taxation</b>	<b>1,413,362</b>	<b>965,396</b>

The notes on pages 13 to 31 form part of these financial statements.

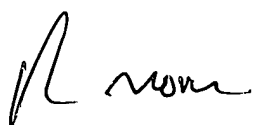
## Consolidated Balance Sheet

As at 28 February 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Tangible assets	11		13,751,439	13,449,185
<b>Current assets</b>				
Stocks	13	5,812,374		4,946,476
Debtors	14	11,087,857		8,204,773
Cash at bank and in hand		1,303,104		1,099,050
		<u>18,203,335</u>		<u>14,250,299</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(14,426,085)</u>		<u>(13,092,151)</u>
<b>Net current assets</b>			<u>3,777,250</u>	<u>1,158,148</u>
<b>Total assets less current liabilities</b>			<u>17,528,689</u>	<u>14,607,333</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(4,086,019)</u>	<u>(3,639,870)</u>
<b>Provisions for liabilities</b>				
Deferred tax	17	(419,500)		(77,000)
Other provisions	18	<u>(1,586,316)</u>		<u>(854,657)</u>
			<u>(2,005,816)</u>	<u>(931,657)</u>
<b>Net assets</b>			<u><u>11,436,854</u></u>	<u><u>10,035,806</u></u>
<b>Capital and reserves</b>				
Called up share capital	19		5,045,195	5,045,195
Share premium account	20		501,266	501,266
Revaluation reserve	20		1,962,274	1,974,588
Capital redemption reserve	20		233	233
Profit and loss account	20		<u>3,927,886</u>	<u>2,514,524</u>
<b>Shareholders' funds</b>	21		<u><u>11,436,854</u></u>	<u><u>10,035,806</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2015.

Ruth Moran  
Director



The notes on pages 13 to 31 form part of these financial statements.

## Company Balance Sheet

As at 28 February 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Tangible assets	11		5,004,715	5,096,000
Investments	12		1,058,220	1,058,220
			<u>6,062,935</u>	<u>6,154,220</u>
<b>Current assets</b>				
Debtors	14	3,508,750	2,420,239	
Cash at bank		171,848	185,796	
		<u>3,680,598</u>	<u>2,606,035</u>	
<b>Creditors: amounts falling due within one year</b>	15	(671,195)	(749,042)	
<b>Net current assets</b>			<u>3,009,403</u>	<u>1,856,993</u>
<b>Total assets less current liabilities</b>			<u>9,072,338</u>	<u>8,011,213</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(2,742,759)	(2,680,540)
<b>Net assets</b>			<u><u>6,329,579</u></u>	<u><u>5,330,673</u></u>
<b>Capital and reserves</b>				
Called up share capital	19		5,045,195	5,045,195
Share premium account	20		501,266	501,266
Revaluation reserve	20		1,625	13,939
Capital redemption reserve	20		233	233
Profit and loss account	20		781,260	(229,960)
<b>Shareholders' funds</b>	21		<u><u>6,329,579</u></u>	<u><u>5,330,673</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2015.

  
Ruth Moran  
Director

The notes on pages 13 to 31 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 28 February 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	22	2,329,104	3,170,192
Returns on investments and servicing of finance	23	(367,904)	(361,591)
Taxation		(7,200)	-
Capital expenditure and financial investment	23	(277,483)	(1,396,570)
Acquisitions and disposals	23	-	(1,227,500)
<b>Cash inflow before financing</b>		<b>1,676,517</b>	<b>184,531</b>
Financing	23	(1,157,515)	(1,023,430)
<b>Increase/(Decrease) in cash in the year</b>		<b>519,002</b>	<b>(838,899)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 28 February 2015

	2015 £	2014 £
Increase/(Decrease) in cash in the year	519,002	(838,899)
Cash outflow from decrease in debt and lease financing	1,157,515	1,023,430
<b>Change in net debt resulting from cash flows</b>	<b>1,676,517</b>	<b>184,531</b>
New finance lease	(994,500)	-
Other non-cash changes	-	(189,105)
<b>Movement in net debt in the year</b>	<b>682,017</b>	<b>(4,574)</b>
Net debt at 1 March	(7,820,738)	(7,816,164)
<b>Net debt at 28 February</b>	<b>(7,138,721)</b>	<b>(7,820,738)</b>

The notes on pages 13 to 31 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 28 February 2015

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Naylor Industries Plc and all of its subsidiary undertakings ('subsidiaries').

### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised when the significant risks and benefits of ownership of the product have been transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery based on specific contract terms.

### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Straight line over 50 years
Leasehold Property	-	Over the life of the lease
Plant & machinery	-	Straight line over 10-15 years
Motor vehicles	-	Straight line over 1-5 years
Fixtures & fittings	-	Straight line over 5-10 years

### 1.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the Statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account.

### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.



# Notes to the Financial Statements

For the year ended 28 February 2015

## 1. Accounting Policies (continued)

### 1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

### 1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

### 1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

# Notes to the Financial Statements

For the year ended 28 February 2015

## 1. Accounting Policies (continued)

### 1.12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

### 1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## 2. Turnover

An analysis of turnover by geographical market has not been presented as, in the opinion of the directors, it is seriously prejudicial to the business.

In the prior year the group acquired the entire share capital of of Amco Plastics Limited and Amco Plastics Holdings Limited. At the date of acquisition the trade and assets were hived up to Naylor Drainage Limited.

## 3. Analysis of operating profit

	2015 Continuing £	2014 Continuing £
Turnover	46,842,150	42,308,528
Cost of sales	(31,421,098)	(29,990,024)
Gross profit	15,421,052	12,318,504
Distribution costs	(4,770,385)	(4,148,763)
Administrative expenses	(8,539,215)	(6,521,168)
	<u>2,111,452</u>	<u>1,648,573</u>

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2015 £	2014 £
Turnover	-	2,890,197
Cost of sales	-	(2,534,710)
Distribution costs	-	(128,500)
Administrative expenses	-	(327,623)
Operating loss	<u>-</u>	<u>(100,636)</u>

# Notes to the Financial Statements

For the year ended 28 February 2015

## 4. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	1,337,602	1,358,846
- held under finance leases	128,637	3,594
Operating lease rentals:		
- plant and machinery	230,623	236,934
Difference on foreign exchange	173,713	-
Amortisation of government grants	(40,333)	(40,333)
Exceptional administrative expenses (note 9)	302,841	240,800
Research and development expenditure	227,796	223,156
(Profit)/loss on disposal of fixed assets	(58,995)	-
	<u>                    </u>	<u>                    </u>

## 5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor in respect of:		
The audit of the company's annual accounts	28,550	26,000
Taxation compliance services	9,000	8,800
	<u>                    </u>	<u>                    </u>

## 6. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	7,758,951	7,031,948
Social security costs	648,360	551,817
Other pension costs	136,679	66,998
	<u>                    </u>	<u>                    </u>
	8,543,990	7,650,763
	<u>                    </u>	<u>                    </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Staff	292	307
	<u>                    </u>	<u>                    </u>

# Notes to the Financial Statements

For the year ended 28 February 2015

## 7. Directors' remuneration

	2015	2014
	£	£
Remuneration	426,908	344,150
Company pension contributions to money purchase pension schemes	11,432	16,856

During the year retirement benefits were accruing to 3 directors (2014 - 4) in respect of defined contribution pension schemes.

## 8. Interest payable

	2015	2014
	£	£
On bank loans and overdrafts	10,701	-
On factored debts	277,594	299,095
On finance leases and hire purchase contracts	68,268	49,462
Other interest payable	11,341	13,034
	367,904	361,591

## 9. Exceptional items

	2015	2014
	£	£
Impairment of goodwill	-	133,933
Acquisition of Clough Mill trade name	-	106,867
Fixed asset write-offs	302,841	-
	302,841	240,800

# Notes to the Financial Statements

For the year ended 28 February 2015

## 10. Taxation

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Deferred tax</b> (see note 17)		
Origination and reversal of timing differences	342,500	333,900
<b>Tax on profit on ordinary activities</b>	<u>342,500</u>	<u>333,900</u>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>1,743,548</u>	<u>1,286,982</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	366,145	296,006
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill	-	30,814
Expenses not deductible for tax purposes	92,377	74,702
Capital allowances for year in excess of depreciation	56,167	87,269
Utilisation of tax losses	(465,339)	(488,681)
Short term timing difference leading to an (decrease)/increase in taxation	(49,350)	(110)
<b>Current tax charge for the year</b> (see note above)	<u>-</u>	<u>-</u>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## Notes to the Financial Statements

For the year ended 28 February 2015

**11. Tangible fixed assets**

Group	Freehold property £	Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>						
At 1 March 2014	5,200,000	22,604	28,806,488	474,815	1,387,781	35,891,688
Additions	12,715	-	2,056,789	-	-	2,069,504
Disposals	-	(22,604)	(2,973,847)	-	(99,400)	(3,095,851)
At 28 February 2015	5,212,715	-	27,889,430	474,815	1,288,381	34,865,341
<b>Depreciation</b>						
At 1 March 2014	104,000	8,032	20,561,224	474,815	1,294,432	22,442,503
Charge for the year	104,000	452	1,337,282	-	24,505	1,466,239
On disposals	-	(8,484)	(2,693,147)	-	(93,209)	(2,794,840)
At 28 February 2015	208,000	-	19,205,359	474,815	1,225,728	21,113,902
<b>Net book value</b>						
At 28 February 2015	5,004,715	-	8,684,071	-	62,653	13,751,439
At 28 February 2014	5,096,000	14,572	8,245,264	-	93,349	13,449,185

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2015 £	2014 £
Plant and machinery	1,260,780	316,920

The freehold land and buildings were revalued to £5,200,000 on 28 February 2013 on the basis of depreciated replacement cost. The valuations were independent and external being carried out by Sanderson Weatherall, Chartered Surveyors, in accordance with RICS appraisal and valuation standards published by the Royal Institute of Chartered Surveyors.

Full historical cost information was unavailable and could not be readily obtained. The group has presented a comparable cost for land and buildings carried at revaluation based on the earliest available valuation report at 25 September 1998. The valuation at 25 September 1998 was performed by Weatherall, Green & Smith.

# Notes to the Financial Statements

For the year ended 28 February 2015

## 11. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2015 £	2014 £
Cost	5,547,692	5,534,977
Accumulated depreciation	(1,381,852)	(1,270,898)
Net book value	<u>4,165,840</u>	<u>4,264,079</u>
Company		Freehold property £
Valuation		
At 1 March 2014		5,200,000
Additions		12,715
At 28 February 2015		<u>5,212,715</u>
Depreciation		
At 1 March 2014		104,000
Charge for the year		104,000
At 28 February 2015		<u>208,000</u>
Net book value		
At 28 February 2015		<u>5,004,715</u>
At 28 February 2014		<u>5,096,000</u>

The freehold land and buildings were revalued to £5,200,000 on 28 February 2013 on the basis of depreciated replacement cost. The valuations were independent and external being carried out by Sanderson Weatherall, Chartered Surveyors, in accordance with RICS appraisal and valuation standards published by the Royal Institute of Chartered Surveyors.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Company	2015 £	2014 £
Cost	5,547,692	5,534,977
Accumulated depreciation	(1,381,852)	(1,270,898)
Net book value	<u>4,165,840</u>	<u>4,264,079</u>

## Notes to the Financial Statements

For the year ended 28 February 2015

**12. Fixed asset investments**

Company	Investments in subsidiary companies £
Cost	
At 1 March 2014 and 28 February 2015	1,058,220
Net book value	
At 28 February 2015	1,058,220
At 28 February 2014	1,058,220

Details of the principal subsidiaries can be found under note number 31.

**13. Stocks**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials	1,812,163	1,808,830	-	-
Work in progress	117,967	68,239	-	-
Finished goods and goods for resale	3,882,244	3,069,407	-	-
	5,812,374	4,946,476	-	-

**14. Debtors**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	1,609,261	1,305,774
<b>Due within one year</b>				
Trade debtors	9,613,460	7,805,714	-	-
Amounts owed by group undertakings	-	-	1,563,861	1,113,837
Other debtors	297,857	10,638	627	628
Prepayments and accrued income	1,176,540	388,421	335,001	-
	11,087,857	8,204,773	3,508,750	2,420,239



# Notes to the Financial Statements

For the year ended 28 February 2015

## 15. Creditors:

### Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	1,049,589	1,108,060	633,333	691,804
Net obligations under finance leases and hire purchase contracts	81,851	117,373	-	-
Trade creditors	3,876,841	3,274,127	-	-
Other taxation and social security	585,611	477,926	-	-
Proceeds of factored debts	3,798,872	4,113,820	-	-
Other creditors	214,234	81,921	123	123
Accruals and deferred income	4,819,087	3,918,924	37,739	57,115
	<b>14,426,085</b>	<b>13,092,151</b>	<b>671,195</b>	<b>749,042</b>

The invoice discounting balance of £3,798,872 (2014 - £4,113,820) is secured on certain trade debtors of the group.

There is a charge in place over Contract Monies dated 31 January 2013.

A debenture is in place which includes a Fixed Charge over all present freehold and leasehold property; a First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; a First Floating Charge over all assets and undertakings both present and future dated 11 January 2013.

There is a Composite Company Unlimited Multilateral Guarantee given by Naylor Industries PLC, Naylor Drainage Limited and Naylor Concrete Products Limited, dated 10 January 2013.

## Notes to the Financial Statements

For the year ended 28 February 2015

**16. Creditors:****Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	2,487,223	3,478,347	2,105,666	2,680,540
Net obligations under finance leases and hire purchase contracts	1,024,290	102,188	-	-
Amounts owed to group undertakings	-	-	637,093	-
Government grants received	574,506	59,335	-	-
	<b>4,086,019</b>	<b>3,639,870</b>	<b>2,742,759</b>	<b>2,680,540</b>

Included within the above are amounts falling due as follows:

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
<b>Between one and two years</b>				
Bank loans	1,648,223	2,064,470	1,266,666	1,266,663
<b>Between two and five years</b>				
Bank loans	680,690	1,122,222	680,690	1,122,222
<b>Over five years</b>				
Bank loans	158,310	291,655	158,310	291,655

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Repayable by instalments	496,385	291,655	158,310	291,655

Amounts due after more than 5 years relate to a mortgage facility which is secured on the land and buildings held by the company.

## Notes to the Financial Statements

For the year ended 28 February 2015

**16. Creditors:****Amounts falling due after more than one year (continued)**

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Between two and five years	686,215	102,188	-	-
After five years	338,075	-	-	-
	<u>1,024,290</u>	<u>102,188</u>	<u>-</u>	<u>-</u>

**17. Deferred taxation**

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
At beginning of year	77,000	(278,000)	-	-
Charge for the year (P&L)	342,500	333,900	-	-
Other movement (P&L)	-	21,100	-	-
At end of year	<u>419,500</u>	<u>77,000</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Excess of depreciation over taxation allowances	687,000	722,000	-	-
Tax losses brought forward	(227,000)	(558,000)	-	-
Other short term timing differences	(40,500)	(87,000)	-	-
	<u>419,500</u>	<u>77,000</u>	<u>-</u>	<u>-</u>

The Group and Company have unprovided deferred tax of £63,000 (2014: £37,000).

## Notes to the Financial Statements

For the year ended 28 February 2015

**18. Provisions**

Group	Provision for quarry restoration £	Dilapidations Provision £	Total £
At 1 March 2014	432,657	422,000	854,657
Additions	-	741,000	741,000
Amounts reversed	-	(9,341)	(9,341)
At 28 February 2015	<u>432,657</u>	<u>1,153,659</u>	<u>1,586,316</u>

**Provision for quarry restoration**

The estimated cost of restoring the quarry sites at the end of their producing lives, is based on internal engineering estimates. Provision is made for the estimated restoration costs at the balance sheet date based on mineral extraction and remaining mineral reserves. The payment dates of expected future restoration costs are uncertain, but are currently anticipated to be between 2015 and 2042.

**Dilapidations Provision**

The Group has made provision for anticipated withdrawal and dilapidation costs in respect of certain leasehold premises whose leases are approaching expiry.

The Company has no provisions.

**19. Share capital**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
407,895 A Ordinary shares of £1 each	407,895	407,895
250,000 B Ordinary shares of £1 each	250,000	250,000
137,300 C Ordinary shares of £1 each	137,300	137,300
348,970 Non voting shares of £1 each	348,970	348,970
3,901,030 Deferred shares of £1 each	3,901,030	3,901,030
	<u>5,045,195</u>	<u>5,045,195</u>

The shares rate pari passu in all respects except as noted below:

The holders of the deferred shares shall not be entitled to receive any dividend or other distribution. On a return of capital on liquidation, or otherwise, the holders of the deferred shares shall only be entitled to the repayment of the nominal amount (excluding any premium) paid up on such shares after the repayment of the capital paid up, or credited as paid up, on all other classes of shares and the payment of £1,000,000 on every other share in issue in the capital of the company.

The holders of the deferred shares shall not be entitled to receive notice of, or to attend or vote at, any general meeting of the company.

# Notes to the Financial Statements

For the year ended 28 February 2015

## 19. Share capital (continued)

The Company may at its option, at any time, redeem all of the deferred shares then in use, at a price not exceeding a penny for each holding of the deferred shares so redeemed.

### Dividends

Other than the deferred shares, each of the shares shall have an equal right to dividends payable by the company.

### Voting

Subject to any other provisions noted below concerning voting rights, the A ordinary shares, B ordinary shares and C ordinary shares shall each confer on each holder of such shares, the right to receive notice of and to attend, speak and vote at all general meetings of the Company and each such share shall carry one vote per share.

The holder of non-voting shares shall be entitled to receive notice of and to attend and speak at any general meetings of the company, but shall not be entitled to vote unless resolutions are to be proposed at such general meeting that will vary the rights attaching to the non-voting shares, in which case the non-voting shares shall carry one vote per share. The holder of deferred shares shall not be entitled to receive notice of and to attend and speak at any general meetings of the company unless resolutions are to be proposed at such general meetings that will vary the rights attaching to the deferred shares.

The C ordinary shares, as a class, shall be entitled to such additional number of votes as shall be equivalent to 95 per cent of all the votes capable of being exercised on a poll in the event of certain circumstances set out in the articles adopted on 30 January 2008.

### Capital

On liquidation, or other return of capital, the surplus assets available after payment of the Company's liabilities shall be distributed as follows:

First in paying to the holders of the equity shares the par value of such shares and any unpaid dividends on such shares;

Second, in distributing the balance amongst the holders of the equity shares as if the same constituted one class in proportion to the amounts paid up or credited as paid up thereon, respectively.

## 20. Reserves

Group	Share premium account £	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 March 2014	501,266	233	1,974,588	2,514,524
Profit for the financial year	-	-	-	1,401,048
Transfer between Revaluation reserve and P/L account	-	-	(12,314)	12,314
At 28 February 2015	501,266	233	1,962,274	3,927,886

# Notes to the Financial Statements

For the year ended 28 February 2015

## 20. Reserves (continued)

Company	Share premium account £	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 March 2014	501,266	233	13,939	(229,960)
Profit for the financial year	-	-	-	998,906
Transfer between Revaluation reserve and P/L account	-	-	(12,314)	12,314
At 28 February 2015	<u>501,266</u>	<u>233</u>	<u>1,625</u>	<u>781,260</u>

## 21. Reconciliation of movement in shareholders' funds

Group	2015 £	2014 £
Opening shareholders' funds	10,035,806	9,082,724
Profit for the financial year	<u>1,401,048</u>	<u>953,082</u>
Closing shareholders' funds	<u>11,436,854</u>	<u>10,035,806</u>

Company	2015 £	2014 £
Opening shareholders' funds	5,330,673	5,176,529
Profit for the financial year	<u>998,906</u>	<u>154,144</u>
Closing shareholders' funds	<u>6,329,579</u>	<u>5,330,673</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £998,906 (2014 - £154,144).

# Notes to the Financial Statements

For the year ended 28 February 2015

## 22. Net cash flow from operating activities

	2015	2014
	£	£
Operating profit	2,111,452	1,648,573
Depreciation of tangible fixed assets	1,466,239	1,362,440
Impairments of intangible fixed assets	-	133,933
Loss on disposal of tangible fixed assets	58,995	8,246
Government grants	(40,333)	(40,333)
Increase in stocks	(865,899)	(768,220)
Increase in debtors	(2,883,084)	(204,993)
Increase in creditors	1,750,075	645,828
Increase in provisions	731,659	384,718
<b>Net cash inflow from operating activities</b>	<b>2,329,104</b>	<b>3,170,192</b>

## 23. Analysis of cash flows for headings netted in cash flow statement

	2015	2014
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest paid	(299,636)	(312,129)
Hire purchase interest	(68,268)	(49,462)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(367,904)</b>	<b>(361,591)</b>
	2015	2014
	£	£
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,075,004)	(1,396,570)
Sale of tangible fixed assets	242,017	-
Government grants received	555,504	-
<b>Net cash outflow from capital expenditure</b>	<b>(277,483)</b>	<b>(1,396,570)</b>
	2015	2014
	£	£
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments	-	(1,227,500)

# Notes to the Financial Statements

For the year ended 28 February 2015

## 23. Analysis of cash flows for headings netted in cash flow statement (continued)

	2015 £	2014 £
<b>Financing</b>		
Repayment of loans	(1,049,595)	(1,017,601)
Repayment of other loans	-	(5,829)
Repayment of finance leases	(107,920)	-
<b>Net cash outflow from financing</b>	<b>(1,157,515)</b>	<b>(1,023,430)</b>

## 24. Analysis of changes in net debt

	1 March 2014 £	Cash flow £	Other non-cash changes £	28 February 2015 £
Cash at bank and in hand	1,099,050	204,054	-	1,303,104
Proceeds of factored debts	(4,113,820)	314,948	-	(3,798,872)
<b>Debt:</b>				
Finance leases	(219,561)	107,920	(994,500)	(1,106,141)
Debts due within one year	(1,108,060)	1,049,595	(991,124)	(1,049,589)
Debts falling due after more than one year	(3,478,347)	-	991,124	(2,487,223)
<b>Net debt</b>	<b>(7,820,738)</b>	<b>1,676,517</b>	<b>(994,500)</b>	<b>(7,138,721)</b>

## 25. Capital commitments

At 28 February 2015 the group and company had capital commitments as follows:

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Contracted for but not provided in these financial statements	-	1,530,000	-	-



# Notes to the Financial Statements

For the year ended 28 February 2015

## 26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £NIL (2014 - £13,525). No contributions were payable to the fund at the Balance sheet date.

## 27. Operating lease commitments

At 28 February 2015 the group had annual commitments under non-cancellable operating leases as follows:

	2015	2014
Group	£	£
Expiry date:		
Within 1 year	13,734	20,593
Between 2 and 5 years	335,156	303,032
After more than 5 years	-	13,652
	<hr/>	<hr/>

The company had no operating lease commitments (2014: £NIL).

## 28. Related party transactions

There are no transactions which fall due for disclosure under FRS 8 (Revised). Under the terms of FRS 8 (Revised) the company is exempt from disclosing details of transactions and balances with wholly owned subsidiary undertakings.

## 29. Post balance sheet events

Since the year end, the Group acquired new freehold sites at Barugh Green and Wombwell, both in South Yorkshire, for consideration of £2.15m and £1.2m respectively. Naylor Concrete Products Limited commenced relocation of its activities from its existing leasehold site in Osset to Barugh Green in Spring 2015 and Naylor Specialist Plastics is due to commence relocation of its Amco Plastics business from Wath to Wombwell in Winter 2015. It is anticipated that the relocation of both businesses will have a considerable impact on the 2016 financial statements, an estimate of the impact cannot yet be made.

## 30. Controlling party

By virtue of the shareholdings in the company at the year end, Edward Naylor is considered to be the ultimate controlling party.

# Notes to the Financial Statements

For the year ended 28 February 2015

## 31. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Naylor Drainage Limited	England & Wales	100	Manufacture and sale of clay and plastic drainage systems
Naylor Concrete Products Limited	England & Wales	100	Manufacture and sale of concrete products
Naylor Plastics Limited	England & Wales	100	Non-trading
Naylor Hatherware Limited	England & Wales	100	Non-trading
Naylor Utilities & Distribution Limited	England & Wales	100	Non-trading
The Yorkshire Flower Pot Company Limited	England & Wales	100	Non-trading
Naylor Building Materials Limited	England & Wales	100	Non-trading
Amco Plastics Holdings Limited	England & Wales	100	Non-trading
Amco Plastics Limited	England & Wales	100	Non-trading