

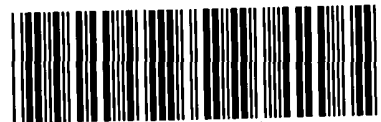
COSENTINO UK LIMITED

Annual report and financial statements

Registered number 04331797

31 December 2016

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Strategic report

Business review and future developments

During 2016 the company continued to grow with a 20% increase in revenue to £51,740,812 (2015: £43,036,452). We strongly believe the company continues to have excellent prospects for future years. The increase in revenue in the year has been driven by introducing new market segments and increased product lines to the business, and this in turn has driven an increase in profits, which is expected to continue into 2017. New warehouses were also opened in Scotland and Manchester during the year, contributing to the ongoing expansion of the business.

Key performance Indicators

The company's key performance indicators are sales and profit before tax. Our main product Silestone, has grown around 21% from last year and sales of our new product Dekton have increased by 75% from 2015. The average number of persons employed by Cosentino UK has also increased 19% to 94 (2015: 79).

Future Risks and uncertainties

The main challenge faced by the company is to continue to increase sales of the new product line, Dekton. Furthermore the firm faces additional risks due to brexit, where uncertainty casts some doubt over future trade.

Financial risk management

The main financial risks that the company faces in its operations are: Foreign exchange, interest rate risk, credit risk and liquidity risk. The company has policies in place to minimise the risk.

Risks are managed by the Group's Financial Planning Department in accordance with the directives handed down by senior management. This department identifies, assesses and mitigates financial risks under direct supervision from senior management, whose approval is required, particularly with respect to contracting and using different financial derivatives

Foreign exchange risks

Group Corporate Finance uses derivative financial instruments to mitigate its exposure to finance risks derived from interest rate and exchange rate fluctuations.

Interest rate risk

Cosentino actively manages its exposure to the risk of changes in interest rates in order to mitigate its exposure to this risk, which arises from borrowing at floating rates.

Credit risks

Cosentino and its parent has the necessary policies in place to minimise the risk of late payment and default, using granting procedures, credit monitoring and control and debt instruments to ensure collection of trade receivables.

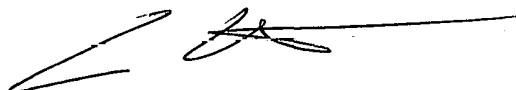
Liquidity risk

Cosentino is exposed to liquidity risks, including the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets cannot readily be converted to cash without loss of value.

Each year the Group Corporate Finance department draws up a three year financial plan, which is approved by Senior Management, addressing all the financial requirements and the manner in which they will be met. Cash requirements are foreseen sufficiently in advance. These include expected CAPEX payments, payments on matured debt and working capital requirements.

By order of the board

Mr C Gontier
Director



7 July 2017

Directors' report

Directors

The directors who held office during the year were as follows:

Mr Eduardo Martinez-Cosentino Alfonso
Mr Pedro Javier Parra Uribe
Mr Christophe Gontier

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Payment of dividends

The directors do not recommend the payment of a dividend (2015:nil).

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

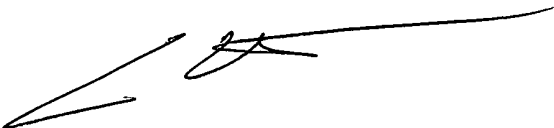
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

7 July 2017

Mr C Gontier
Director
Register Number: 04331797

Unit 10 Bartley Point
Osborn Way
Hook
Hampshire
RG27 9GX
July 2016



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSENTINO UK LIMITED

We have audited the financial statements of Cosentino UK Limited for the year ended 31 December 2016 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 set out on page 3, 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

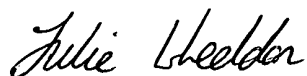
- we have not identified material misstatements in those reports and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSENTINO UK LIMITED
(continued)

Matters on which we are required to report by exception

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

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



Julie Wheeldon (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
25 July 2017

Profit and loss account
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	51,741	43,036
Cost of sales		(39,717)	(32,894)
Gross profit		12,024	10,142
Administrative expenses	3	(9,597)	(7,420)
Other Income	6	10	10
Operating profit		2,437	2,732
Interest receivable and similar income	7	37	52
Interest payable and similar charges	8	(147)	(216)
Profit before taxation		2,327	2,568
Tax on profit	9	(396)	(701)
Profit after taxation		1,931	1,867

There are no other comprehensive income or expense than those shown above for the year, the whole of which were derived from continuing activities.

The notes on pages 9 to 18 form part of these financial statements.

Balance Sheet
at 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Fixed assets			
Intangible assets		4	5
Tangible assets	10	2,199	1,132
		<hr/>	<hr/>
		2,203	1,137
Current assets			
Stocks	11	9,919	8,418
Debtors	12	10,519	9,253
Cash at bank and in hand		893	832
		<hr/>	<hr/>
		21,331	18,503
Creditors: amounts falling due within one year	13	(10,892)	(6,004)
		<hr/>	<hr/>
Net current assets		10,439	12,499
		<hr/>	<hr/>
Total assets less current liabilities		12,642	13,636
Creditors: amounts falling due after more than one year	14	(3,089)	(6,014)
		<hr/>	<hr/>
Net assets		9,553	7,622
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	9,984	9,984
Profit and loss account		(431)	(2,362)
		<hr/>	<hr/>
Shareholders' funds		9,553	7,622
		<hr/>	<hr/>

The notes on pages 9 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 7 July 2017 and were signed on its behalf by:

Mr C Gontier
Director

Company registered number: 04331797



Statement of Changes in Equity

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	9,984	(4,229)	5,755
Profit or loss	-	1,867	1,867
Balance at 31 December 2015	9,984	(2,362)	7,622

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	9,984	(2,362)	7,622
Profit or loss	-	1,931	1,931
Balance at 31 December 2016	9,984	(431)	9,553

The notes on pages 9 to 18 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Cosentino UK Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Grupo Cosentino SL includes the Company in its consolidated financial statements. The consolidated financial statements of Grupo Cosentino SL are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Calle Padre Luque S/N 04001 Almería Spain.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

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

1.3 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.

1.4 Tangible fixed assets

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

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 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 Land and buildings life of the lease
- Plant and vehicles 25% Straight Line
- Fixtures and equipment 25% Straight Line

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

1.5 Intangibles

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangibles include software database and software applications being amortised in 4 years.

Notes (continued)

1 Accounting policies (continued)

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchases for resale, the weighted average purchase price is used.

1.7 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.

The assets of the scheme are held separately from those of the company in an independently administered fund.

1.8 Turnover

The whole of turnover is attributable to the principal activity of the sale and distribution of stone worktops and stone slabs. £35,790.80 of the turnover arose to Ireland.

1.9 Expenses

Operating lease payments

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

1.10 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.

Notes (continued)

2 Turnover

	2016 £000	2015 £000
Sale of goods	51,741	43,036
Total turnover	<u>51,741</u>	<u>43,036</u>

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £000	2015 £000
Depreciation Expense	476	386
Amortisation Expense	2	2
Operating Lease Expense	1,495	999
Impairment loss of trade receivables	68	27
	<u> </u>	<u> </u>

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	18	15
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	Number of employees	
	2016	2015
Sales and administration	94	79
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	3,479	2,785
Social security costs	321	258
Contributions to defined contribution plans	95	75
	<u>3,895</u>	<u>3,118</u>

Notes (continued)

5 Directors' remuneration

	2016	2015
	£000	£000
Directors' remuneration	217	231
Company pension contributions to defined contribution pension schemes	18	39

	Number of directors	
	2016	2015
	£000	£000
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	1	1

6 Other income

	2016	2015
	£000	£000
Other Income	10	10

7 Interest receivable and similar income

	2016	2015
	£000	£000
Interest Receivable	37	52

8 Interest payable and similar charges

	2016	2015
	£000	£000
Interest payable on loans	163	212
Net foreign exchange loss	(16)	4
	147	216

Notes (continued)

9 Taxation

Recognised in the profit and loss account

	2016 £000	2015 £000
<i>UK corporation tax</i>		
Current tax on income for the period	465	101
Prior year adjustments	(69)	158
	<hr/>	<hr/>
Total current tax	396	259
Origination and reversal of temporary differences	-	442
	<hr/>	<hr/>
Total deferred tax	-	442
	<hr/>	<hr/>
Tax on profit on ordinary activities	396	701
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	2,327	2,568
Current tax at 20% (2015: 21 %)	465	543
Adjustments in respect of prior periods	(69)	158
	<hr/>	<hr/>
Total tax of the year	396	701
	<hr/> <hr/>	<hr/> <hr/>

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Further reductions in the UK corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020, were substantively enacted on 6th September 2016 by virtue of Finance Act 2016.

Notes (continued)

10 Tangible fixed assets

	Short Leasehold Property £000	Plant and Vehicles £000	Fixtures and Equipment £000	PPE under construction £000	Total £000
Cost					
Balance at 1 January 2016	204	2,053	760	298	3,315
Acquisitions	220	698	316	309	1,543
Disposals	-	-	(10)	-	(10)
Transfer of Assets	-	178	-	(178)	-
Balance at 31 December 2016	424	2,929	1,066	429	4,848
Depreciation and impairment					
Balance at 1 January 2016	(183)	(1,415)	(585)	-	(2,183)
Depreciation charge for the year	(52)	(314)	(110)	-	(476)
Disposals	-	-	10	-	10
Balance at 31 December 2016	(235)	(1,729)	(685)	-	(2,649)
Net book value					
At 1 January 2016	21	638	175	298	1,132
At 31 December 2016	189	1,200	381	429	2,199

11 Stocks

	2016 £'000	2015 £'000
Finished goods	9,919	8,418
	9,919	8,418

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £39,685,244 (2015: £32,893,896). The write-down of stocks to net realisable value amounted to £32,595 (2015: nil).

12 Debtors

	2016 £000	2015 £000
Trade debtors	9,982	8,511
Amounts owed by group undertakings	38	210
Other debtors	23	114
Prepayments and accrued income	476	418
Due within one year	10,519	9,253

Notes (continued)

13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	261	158
Amounts owed to group undertakings	7,590	3,508
Taxation and social security	1,808	1,457
Other creditors	83	37
Loan owed to group undertakings (see note 18)	-	101
Bank Borrowings	66	65
Accruals and Deferred income	942	577
Income Tax Payable	142	101
	<u>10,892</u>	<u>6,004</u>

14 Creditors: amounts falling more than one year

	2016 £000	2015 £000
Loan owed to group undertakings (see note 18)	3,022	5,884
Bank Borrowings	67	130
	<u>3,089</u>	<u>6,014</u>

Cosentino UK took out a bank loan for 350,000 with Banco Popular Español (BPE) in 2014. The loan runs until 9 July 2018. The interest rate for foreign currency is 3.6% (local currency (€): 3.75 %). Outstanding balance on the loan is 155,603.

15 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund and amounted to £95k (2015: £75k).

There were no outstanding amounts due to or from the pension scheme at the year-end (2015 £nil).

16 Capital and reserves

Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	9,984	9,984
	<u>9,984</u>	<u>9,984</u>

Notes (continued)

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	1,406	1,063
Between one and five years	2,663	2,681
More than five years	872	389
	<u>4,941</u>	<u>4,133</u>

The Company leases a number of warehouse facilities and vehicles under operating leases.

During the year £1,494,598 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £999,233).

18 Related parties

The company holds inter-company balances with companies within the group, as detailed in notes 12 and 13.

Cosentino UK has a loan from Cosentino SA as shown in note 14. The loan is for £3,022,000, with annual interest of LIBOR +3.40%. The loan runs until 31 December 2018.

	Debtors outstanding 2016 £000	2015 £000	Creditors outstanding 2016 £000	2015 £000
Parent	-	37	10,612	9,445
Other related parties	38	173	-	34
	<u>38</u>	<u>210</u>	<u>10,612</u>	<u>9,479</u>

19 Ultimate parent company and parent company of larger group

The ultimate parent company is Grupo Cosentino SL, a company incorporated in Spain.

The largest group in which the results of the Company are consolidated is that headed by Grupo Cosentino SL incorporated in Spain. 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 the company's registered office at Calle Padre Luque S/N 04001 Almería Spain.

Notes (continued)

20 Accounting estimates and judgements

Certain critical accounting judgements in applying the Company's accounting policies are described below:

a. Valuation of Stock

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchases for resale, the weighted average purchase price is used. Cosentino do not provide for stock given the nature of the stock. Stock is made up of Silestone and Dekton. Management believe there is no risk of stock obsolescence as it doesn't age and can be sold to a wide variety of customers, due to its adaptable form (i.e. can be cut to size/specifications).