



IFG Drake Limited

Annual report and financial statements

for the year ended 30 June 2018

Registered number 00395431

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Company information

The board of directors

G Rostron
S O'Neil
J O Hager

Company Secretary

K A Davenport

Registered office

Old Mills
Drighlington
Bradford
West Yorkshire
BD11 1BY

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Strategic Report

Strategic report for the year ended 30 June 2018

The directors present the strategic report on the Company for the year ended 30 June 2018.

Business Review

The principal activity of the Company is the production and sale of synthetic fibre and yarn, operating from two sites in the UK.

Revenue for the year was £34,184,000 (2017: £32,231,000) and profit before taxation amounted to £959,000 (2017: £1,171,000). The operating profit for the year amounted to £828,000 (2017: £1,040,000).

Sales volumes were slightly lower than the previous year but market conditions allowed margins overall to be maintained with tight cost controls in place to achieve a satisfactory result.

The company continued the programme of upgrading the production facilities at a revenue cost of approximately £200,000 during the year. This is part of a long-term project to upgrade the facilities of the company.

The exchange rate, raw material price and Brexit continue to be the key business risks affecting the company.

The equity of the Company increased in the year, ending at £13,540,000 (2017: £12,691,000)

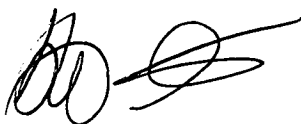
The Company remains cautiously optimistic for its trading performance for the coming financial year.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for the understanding of the development, performance or position of the Company.

Principal risks and uncertainties

The principal risks and uncertainties of Duroc AB (publ), which includes those of the Company, are discussed within the business and finance review of the Group's annual report, which does not form part of this report.

Signed on behalf of the Board by



S O'Neil
Director

19 November 2018

Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2018.

Future developments

The Company will continue with its principal activity of the production and sale of synthetic fibre.

The Company remains cautiously optimistic for its trading performance for the year ending 30 June 2019, with trading expected to remain profitable.

Dividends

A dividend of £nil was declared and paid during the year (2017: £1,006,000).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

G Rostron

S O'Neil

J O Hager

P J P V Gyllenhammar – resigned 1 September 2017

C G M Bergendorff – appointed 1 September 2017, resigned 26 February 2018

None of the directors have any interest in the shares of the Company.

The interests in the ordinary shares of International Fibres Group (Holdings) Limited of P J P V Gyllenhammar are disclosed in the financial statements of International Fibres Group (Holdings) Limited.

International Fibres Group (Holdings) Limited purchased and maintained throughout the financial year a Group policy for Directors' and Officers' liability insurance that covers the Company and its Directors.

Research and development costs

The Company continues to invest in new product development and such costs in the year amounted to £130,000 (2017: £27,000).

Financial risk management

Borrowing requirements are monitored on a Group basis to ensure that funding requirements minimise commercial risk and are adequate to support the on-going requirements of the operation.

Statement of directors' responsibilities

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

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

Directors' report (continued)

Statement of directors' responsibilities (continued)

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

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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

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.

Directors' confirmations

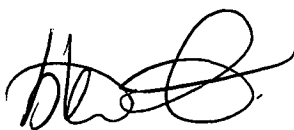
In the case of each director in office at the date the Directors' Report is approved:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

The financial statements on pages 7 to 20 were approved by the Board of Directors on and signed on its behalf by:



S O'Neil
Director

19 November 2018

Independent auditors' report to the members of IFG Drake Limited

Report on the audit of the financial statements

Opinion

In our opinion, IFG Drake Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

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

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

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

Independent auditors' report to the members of IFG Drake Limited (continued)

Reporting on other information (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

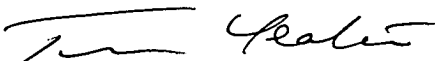
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

19 November 2018

Income statement

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Revenue	3	34,184	32,231
Cost of sales		(31,020)	(28,983)
Gross profit		3,164	3,248
Distribution costs		(1,744)	(1,735)
Other administrative expenses		(454)	(332)
Exceptional administrative expenses	4	(138)	(141)
Administrative expenses		(592)	(473)
Operating profit	5	828	1,040
Finance income	8	131	131
Profit before taxation		959	1,171
Income tax expense	9	(197)	(126)
Profit for the financial year		762	1,045

The results for the current and prior year derive from continuing activities.

Statement of comprehensive income

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit for the financial year		762	1,045
Changes in fair value of hedging derivative		87	(35)
Total other comprehensive income		87	(35)
Total comprehensive income for the year		849	1,010

Statement of financial position

as at 30 June 2018

	Note	30 June 2018		30 June 2017	
		£'000	£'000	£'000	£'000
Fixed assets					
Property, plant and equipment	11		2,166		2,247
Current assets					
Inventories	12	2,763		2,332	
Trade and other receivables	13	10,550		9,880	
Other financial assets	15	—		1	
Cash and cash equivalents		2,742		2,110	
		<u>16,055</u>		<u>14,323</u>	
Creditors: amounts falling due within one year	14	(4,464)		(3,659)	
Other financial liabilities	15	(35)		(62)	
		<u></u>		<u></u>	
Net current assets			11,556		10,602
Total assets less current liabilities			<u>13,722</u>		<u>12,849</u>
Deferred taxation	16		(182)		(158)
Net assets			<u>13,540</u>		<u>12,691</u>
Equity					
Called up share capital	18		—		—
Cash flow hedging reserve			26		(61)
Profit and loss account			13,514		12,752
Total equity			<u>13,540</u>		<u>12,691</u>

The financial statements on pages 7 to 20 were approved by the board of directors and were signed on its behalf by:



S O'Neil
Director

19 November 2018

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

Statement of changes in equity for the year ended 30 June 2018

	Called up share capital £'000	Cash flow hedging reserve £'000	Profit and loss account £'000	Total Equity £'000
As at 1 July 2016	–	(26)	12,713	12,687
Profit for the financial year	–	–	1,045	1,045
Changes in fair value of hedging derivative	–	(35)	–	(35)
Total other comprehensive income for the year	–	(35)	–	(35)
Total comprehensive income for the year	–	(35)	1,045	1,010
Dividends	–	–	(1,006)	(1,006)
As at 30 June 2017	–	(61)	12,752	12,691
Profit for the financial year	–	–	762	762
Changes in fair value of hedging derivative	–	87	–	87
Total other comprehensive income for the year	–	87	–	87
Total comprehensive income for the year	–	87	762	849
As at 30 June 2018	–	26	13,514	13,540

Notes to the financial statements for the year ended 30 June 2018

1. General Information

The principal activity of the company during the year was the production and sale of synthetic fibre and yarn and is expected to remain so for the foreseeable future. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Old Mills, Drighlington, Bradford, BD11 1BY, England.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are presented in sterling rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The significant accounting policies applied in the preparation of these financial statements are set out below, and unless otherwise stated, these policies have been consistently applied to all the periods presented.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101), and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies; and
- Roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16).

Revenue

Revenue is based on invoiced values to customers for goods and services net of trade discounts, excluding value added taxes, and is recognised at the point of despatch.

Property, plant and equipment

All fixed assets are initially recorded at cost, including those costs that were directly attributable to bringing assets into working condition.

Depreciation is provided by the Company to write off the cost less the estimate residual value of tangible assets over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Fixtures and fittings	-	10 years
Plant and equipment	-	10 - 15 years (computers 3 years)

Freehold land is not depreciated.

Notes to the financial statements for the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The annual depreciation charge for the property, plant and equipment is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values of the assets are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment.

Impairments

The carrying value of property, plant and equipment on the balance sheet are reviewed annually, in order to consider whether any provision for impairment is necessary. Impairment provisions are calculated by comparing the higher of net realisable value and value in use of the asset, using forecast cash flows discounted at the Company's pre-tax weighted average cost of capital, with its carrying value.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value. Cost where appropriate includes a proportion of overhead expenses, which are directly related to production, which are absorbed on the basis of normal activity levels. Provision is made, taking into account age and potential obsolescence, in order to reduce gross stock valuations to their estimated recoverable amounts.

Trade receivables

Provision is made for that proportion of those debts whose recoverability is considered doubtful, after taking into account credit insurance recoveries where applicable.

Financial instruments

Derivative financial instruments, namely foreign exchange contracts, are used as hedges in the financing and financial risk management of the Company and are initially measured at cost on the date a derivative contract is entered into and subsequently re-measured at their fair value at each balance sheet date. The foreign exchange contracts are designated as a cash flow hedge (hedge of highly probably forecast transactions).

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, with any ineffective portion recognised in the income statement. The gains or losses that are recognised in other comprehensive income are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred. The notional value of any rent free period or any other lease incentive provided by the lessor is spread on a straight line basis over the period of the lease.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Notes to the financial statements for the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currency are converted into sterling at the rate ruling at the date of the transaction. Gains and losses from foreign currency transactions are included in the operating profit.

Research and development

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Pensions

Contributions in respect of defined contribution schemes are charged to the profit and loss account in the year in which they arise.

The Company participates in a multi-employer defined benefit pension plan. This plan is operated on a Group basis that does not enable individual companies to identify their share of the underlying assets and liabilities and in accordance with International Accounting Standard No. 19 "Employee Benefits" the Company accounts for its contributions to the plan as if they were a defined contribution plan. Note 20 gives further details regarding this plan.

3. Revenue

The company's revenue and profit before taxation arise from its principal activity of the production and sale of synthetic fibre and yarn.

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Geographical analysis		
United Kingdom	15,180	12,583
Europe	14,689	16,443
Australasia and Far East	3,888	2,610
Africa and Middle East	426	595
U.S.A.	1	–
	<hr/> 34,184 <hr/>	<hr/> 32,231 <hr/>

4. Exceptional administrative expenses

The company incurred exceptional administration expenses of £101,000 (2017: £141,000) in relation to a fatal accident at a production site during the year ended 30 June 2017 as disclosed in the Strategic report that year. The company incurred exceptional administration expenses of £37,000 (2017: nil) in relation to hardware licences.

Notes to the financial statements for the year ended 30 June 2018

5. Operating profit

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
<i>The operating profit is stated after charging / (crediting):</i>		
Depreciation - owned assets	291	286
Auditors' remuneration - as auditors	20	18
Operating lease rentals		
- plant and machinery	42	15
- other	280	280
Research and development	130	27
Exchange loss /(gain)	25	(13)
Inventory recognised as an expense in the year	24,636	22,840
	<u>24,636</u>	<u>22,840</u>

6. Remuneration of directors

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Directors' emoluments – as executives	124	286
Pension costs – defined contribution schemes	9	22
	<u>133</u>	<u>308</u>

The number of directors who are accruing benefits under defined benefit pension schemes at 30 June 2018 was 1 (2017: 1). The number of directors who are accruing benefits under defined contribution pension schemes at 30 June 2018 was 2 (2017: 2).

The remuneration of the highest paid director was:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Emoluments	110	90
Pension costs – defined contribution schemes	6	5
	<u>116</u>	<u>95</u>

Notes to the financial statements for the year ended 30 June 2018

7. Staff numbers and costs

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

	Year ended 30 June 2018 Number	Year ended 30 June 2017 Number
Management and administration	36	33
Manufacturing and distribution	67	68
Selling	7	5
	<hr/> 110	<hr/> 106
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Wages and salaries	3,300	3,054
Social security costs	315	292
Other pension costs (note 20)	206	199
	<hr/> 3,821	<hr/> 3,545
	<hr/> <hr/>	<hr/> <hr/>

8. Finance Income

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
<i>Finance income:</i>		
Other interest	131	131
	<hr/> 131	<hr/> 131
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements for the year ended 30 June 2018

9. Income tax expense

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Current tax:		
UK corporation tax on the profit for the year at 19% (2017: 19.75%)	173	200
Adjustments in respect of prior years	-	(74)
Total current tax	<u>173</u>	<u>126</u>
Deferred tax:		
Current year	24	-
Total deferred taxation (Note 16)	<u>24</u>	<u>-</u>
Total tax charge	<u><u>197</u></u>	<u><u>126</u></u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.75%). The actual tax charge for the year is higher (2017: lower) than the standard rate for the reasons set out in the following reconciliation:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Profit before taxation	959	1,171
Tax on profit before taxation at UK standard rate of 19% (2017: 19.75%)	182	231
Effects of:		
Expenses not deductible for tax purposes	20	2
Advanced capital allowances	(10)	(26)
Adjustment in respect of provisions	(3)	2
Income not taxable	(16)	(8)
Group relief utilised	-	(1)
Adjustments in respect of prior years	-	(74)
Deferred tax charge (Note 16)	24	-
Total tax charge	<u><u>197</u></u>	<u><u>126</u></u>

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting year are taxed at a rate of 19% (2017: 19.75%).

Additional changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017, as mentioned above, and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 30 June 2018

10. Dividends

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Dividend on Ordinary shares:		
Final dividend £nil per £1 share (2017: £1,006,000 per £1 share)	—	1,006

11. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2017	1,693	20,095	76	21,864
Additions	71	138	1	210
Disposals	—	(6)	—	(6)
At 30 June 2018	1,764	20,227	77	22,068
Accumulated Depreciation				
At 1 July 2017	950	18,088	75	19,113
Charge for year	33	258	—	291
Disposals	—	(6)	—	(6)
At 30 June 2018	983	18,340	75	19,398
Impairment provisions				
At 1 July 2017 and 30 June 2018	—	504	—	504
Net book value at 30 June 2018	781	1383	2	2,166
Net book value at 30 June 2017	743	1,503	1	2,247

12. Inventories

	30 June 2018 £'000	30 June 2017 £'000
Raw materials and consumables	1,376	1,414
Finished goods	1,387	918
	2,763	2,332

Notes to the financial statements for the year ended 30 June 2018

11. Inventories (continued)

In the opinion of the directors there is no significant difference between the replacement cost of stocks and their value above. Included within finished goods is consignment stock valued at £nil (2017: £nil).

12. Trade and other receivables

	30 June 2018 £'000	30 June 2017 £'000
Trade debtors	7,575	6,967
Amounts owed by Group undertakings	2,535	2,414
Other debtors	298	313
Prepayments and accrued income	142	186
	<hr/> 10,550	<hr/> 9,880

Amounts owed by group undertakings bear interest at 5% per annum. All amounts are unsecured and are payable on 30 June 2019.

13. Creditors: amounts falling due within one year

	30 June 2018 £'000	30 June 2017 £'000
Trade creditors	3,493	2,984
Corporation tax	113	116
Other taxes and social security	88	76
Other creditors	105	93
Accruals and deferred income	665	390
	<hr/> 4,464	<hr/> 3,659

14. Other financial assets and liabilities

Derivative financial instruments

The Company uses various financial instruments to manage its exposure to movements in foreign exchange rates. Foreign exchange contracts mature over the period to 8 October 2018.

The foreign currency transaction exposure in the Company is protected with forward currency purchases and sales. All contracts are placed by the UK head office function. At 30 June 2018 the Company had hedged 3,950,000 (2017: 3,500,000) of its EUR denominated currency sales, 127,500 (2017: 96,000) of its AUD denominated currency sales and 16,900 (2017: 93,500) of its USD denominated currency sales.

Notes to the financial statements for the year ended 30 June 2018

15. Other financial assets and liabilities (continued)

	30 June 2018 Book and fair value £'000	30 June 2017 Book and fair value £'000
Current assets		
Foreign exchange contracts	—	1
Current liabilities		
Foreign exchange contracts	(35)	(62)
	<u>(35)</u>	<u>(61)</u>

At the year end the fair value of the currency derivatives are determined by market price as advised by the third-party banks with whom the instruments are held.

16. Deferred taxation

Movements during the year:

	Deferred taxation £'000
At 1 July 2017	(158)
Charged to Profit and loss account	(24)
	<u>(182)</u>
At 30 June 2018	(182)

Deferred taxation	Potential liability 30 June 2018 £'000	Amount provided 30 June 2018 £'000	Potential liability 30 June 2017 £'000	Amount provided 30 June 2017 £'000
Accelerated tax allowances on plant, equipment and buildings	200	200	179	179
Other timing differences	(18)	(18)	(21)	(21)
	<u>182</u>	<u>182</u>	<u>158</u>	<u>158</u>

Notes to the financial statements for the year ended 30 June 2018

17. Commitments

a. Operating lease commitments

The future minimum operating lease commitments are as follows:

	30 June 2018 Land & Buildings £'000	30 June 2017 Land & Buildings £'000	30 June 2018 Other £'000	30 June 2017 Other £'000
Operating leases which expire:				
Within 1 year	280	280	12	22
Within 2 to 5 years	443	723	47	15
After 5 years	—	—	—	—
	<u>723</u>	<u>1,003</u>	<u>59</u>	<u>37</u>

b. Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred was £nil (2017: £nil) in relation to plant and equipment.

18. Called up share capital

	30 June 2018	30 June 2017
	£	£
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each (2017: 1)	<u>1</u>	<u>1</u>

19. Contingent liabilities

Under the terms of the UK banking facilities the Company has guaranteed the net indebtedness of the following Group companies: International Fibres Group (Holdings) Limited, Speciality Coatings Group Limited and International Fibres Group Limited. The net indebtedness at 30 June 2018 amounted to £nil (2017: £nil).

The Health and Safety Executive is continuing the investigation into the fatal accident which occurred during the financial year 2016/17. It is highly likely this investigation will result in the Company being prosecuted and penalties being issued against the Company. Any such penalties cannot be estimated at this time and therefore no provision has been included within the years results.

20. Pension costs

The Company and other subsidiaries of International Fibres Group (Holdings) Limited are participants in the Chapelthorpe plc Pension Fund, a multi-employer, funded defined benefit scheme and the main scheme operated by the Group. The Company also operates a defined contribution scheme. The assets of both schemes are held in separate trustee administered funds.

With effect from 5 September 2008 the Chapelthorpe plc Pension Fund was closed to future accrual. This plan is operated on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities and in accordance with International Accounting Standard No.19 "Employee Benefits" the Company accounts for its contributions to the plan as if it were a defined contribution scheme. Further details in relation to the funding arrangements and liability in relation to this plan can be found in the International Fibres Group (Holdings) Limited Report and Accounts 2018.

Notes to the financial statements for the year ended 30 June 2018

20. Pension costs (continued)

During the year ended 30 June 2018 total pension contributions amounted to £206,465 (2017: £198,889) all of which related to the defined contribution scheme. The balance due to the Fund at 30 June 2018 was £31,245 (2017: £24,949).

21. Ultimate holding company

International Fibres Group Limited, a company incorporated in the United Kingdom, is the immediate parent company of IFG Drake Limited. International Fibres Group AB, a company incorporated in Sweden, is the parent company of International Fibres Group (Holdings) Limited. However, these companies have not prepared consolidated financial statements at 30 June 2018.

Duroc AB (publ), a public company incorporated in Sweden (registration number 556446-4286) is the parent company of International Fibres Group AB and is the smallest and largest group to consolidate these financial statements. Duroc AB (publ) is listed on Nasdaq OMX Stockholm, small cap. Copies of the Group financial statements for Duroc AB (publ) may be obtained from Bolagsverket, 851 81 Sundsvall, Sweden.