

# **C.R. Laurence of Europe Limited**

Report and Financial Statements

Year Ended

27 January 2012

Company Number 01208342

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# **C.R. Laurence of Europe Limited**

**Report and financial statements  
for the year ended 27 January 2012**

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## **Directors**

S Boocock  
S J Boocock  
L W Talbert  
D E Friese

## **Secretary and registered office**

S J Boocock, Charles Babbage Avenue, Kingsway Business Park, Rochdale, Lancashire, OL16 4NW

## **Company number**

01208342

## **Auditors**

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT

# **C.R. Laurence of Europe Limited**

## **Report of the directors for the year ended 27 January 2012**

The directors present their report and the financial statements of the company for the year ended 27 January 2012

### **Principal activities and business review**

The principal activity of the Company is that of distributor of glazing, construction, architectural, natural stone workings and industrial supplies in the UK and Europe. The Company continues to be the sole distributor of Caesar Stone products in the UK and Ireland.

The Company reported a loss before tax of £555,652, an improvement on the previous year of £785,168. The loss was anticipated as a result of the continued marketing programs that the Company planned for the expanded product range and further European development. The Company continues to invest in the promotion of all of its lines of business and losses are expected to decrease by as much as 50% in the next 12 months.

The Directors are confident that the sales trend will continue to improve in the next year as a result of the investment in the warehouse facility, expanded product offering and addition of new customers through continued marketing initiatives.

### **Key performance indicators**

The directors consider the following to be the key performance indicators:

	<b>27 January 2012</b>	<b>31 January 2011</b>
Gross margin %	41%	35%
Loss before tax %	(5)%	(14)%
Debtor days	61	61

As discussed within the business review, significant costs have been incurred this year with a view to growing the business in the future. Underlying margins and cash recovery remain adequate.

### **Principal risks and uncertainties**

#### ***Price risk***

The Company operates in competitive markets but most of the Company's accessory products have relatively low price elasticity. Customer loyalty is high for all products. Caesar Stone products are high selling "accessory" items and are priced competitively, particularly for a desirable, lifestyle product.

#### ***Foreign exchange***

As the Company purchases stock in dollars, euros, and sterling and sells predominantly in sterling, the results are subject to foreign exchange fluctuations.

#### ***Credit risk***

Debtors are monitored and controlled carefully using an efficient credit department. The bad debt write off decreased from the previous year due to improved credit control during the year.

# **C.R. Laurence of Europe Limited**

## **Report of the directors for the year ended 27 January 2012 (Continued)**

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### **Cashflow risk**

The Company offers discounts to customers to improve cashflow and mitigate the risk from delays in debt collection. C R Laurence Co , Inc , the parent company, provides additional capital support when necessary.

### **Charitable Contributions**

During the year the group made charitable donations totalling £6,100 (2011 nil)

### **Results and dividends**

The loss for the period, after taxation, amounted to £555,652 (2011 £1,365,456). The directors have not recommended a dividend (2011 nil). This loss reflects the investment made during the year with a view to future growth.

### **Directors**

The directors who served the company during the period were as follows

D E Friese  
L W Talbert  
S J Boocock  
S Boocock

# **C.R. Laurence of Europe Limited**

## **Report of the directors for the year ended 27 January 2012 (Continued)**

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### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP, having expressed their willingness to continue in office and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

### **On behalf of the board**



S Boocock

Director

Date 19.10.12

# **C.R. Laurence of Europe Limited**

## **Independent auditor's report**

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### **Independent auditor's report to the members of C.R. Laurence of Europe Limited**

We have audited the financial statements of C R Laurence of Europe Limited for the year ended 27 January 2012 which comprise the profit and loss account, the balance sheet 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 27 January 2012 and of its loss 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 matters prescribed by the Companies Act 2006**

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

# C.R. Laurence of Europe Limited

## Independent auditor's report (*Continued*)

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### 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

BDO LLP

Neil Barton (*senior statutory auditor*)  
For and on behalf of BDO LLP, statutory auditor  
Manchester  
United Kingdom

Date 26 October 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# C.R. Laurence of Europe Limited

## Profit and loss account for the year ended 27 January 2012

	Note	2012 £	2011 £
Turnover	2	10,427,188	9,587,027
Cost of sales		(6,141,910)	(6,214,913)
<b>Gross profit</b>		<b>4,285,278</b>	<b>3,372,114</b>
Administrative expenses		(4,934,812)	(4,775,969)
Operating loss		(649,534)	(1,403,855)
Other interest receivable and similar income	6	94,130	65,428
Interest payable and similar charges	6	(248)	(2,393)
<b>Loss on ordinary activities before taxation</b>		<b>(555,652)</b>	<b>(1,340,820)</b>
Taxation on loss on ordinary activities	7	-	(24,636)
<b>Loss on ordinary activities after taxation</b>		<b>(555,652)</b>	<b>(1,365,456)</b>

All amounts relate to continuing operations. The company has no recognised gains or losses other than the result for the period as set out above.

The notes on pages 8 to 17 form part of these financial statements

# C.R. Laurence of Europe Limited

## Balance sheet at 27 January 2012

<b>Company number 01208342</b>	<b>Note</b>	<b>2012 £</b>	<b>2012 £</b>	<b>2011 £</b>	<b>2011 £</b>
<b>Fixed assets</b>					
Tangible assets	8		738,787		866,385
Investments	9		1,943		1,943
			740,730		868,328
<b>Current assets</b>					
Stocks	10	3,636,231		3,024,655	
Debtors	11	5,830,215		4,785,992	
Cash at bank and in hand		344,387		359,244	
		9,810,833		8,169,891	
<b>Creditors' amounts falling due within one year</b>	12	(11,444,310)		(9,372,563)	
<b>Net current liabilities</b>			(1,633,477)		(1,202,672)
<b>Total assets less current liabilities</b>			(892,747)		(334,344)
<b>Creditors: amounts falling due after more than one year</b>	13		-		(2,751)
<b>Net liabilities</b>			(892,747)		(337,095)
<b>Capital and reserves</b>					
Called up share capital	16		30,000		30,000
Profit and loss account	17		(922,747)		(367,095)
<b>Shareholders' deficit</b>	18		(892,747)		(337,095)

The financial statements were approved by the board of directors and authorised for issue on



S Boocock  
DIRECTOR

19.10.12

The notes on pages 8 to 17 form part of these financial statements

# C.R. Laurence of Europe Limited

## Notes forming part of the financial statements for the year ended 27 January 2012

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The following principal accounting policies have been applied

#### *Going concern*

The financial statements have been prepared on a going concern basis. The continuity of the company's activities is dependent upon the support of its ultimate parent company, C R Laurence Co, Inc. The directors have received appropriate assurances that the parent company will continue to support the company for a minimum of one year after the financial statements are signed. On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

#### *Basis of consolidation*

The company was, at the end of the period, a wholly owned subsidiary of another company incorporated in the EEA which prepares consolidated accounts and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	10%-25% per annum straight line
Fixtures & fittings	10%-33% per annum straight line
Motor vehicles	33% per annum straight line
Plant and equipment	10%-33% per annum straight line

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

# **C.R. Laurence of Europe Limited**

## **Notes forming part of the financial statements for the year ended 27 January 2012 (*continued*)**

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### **1 Accounting policies**

#### *Leasing and hire purchase commitments*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the short of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account over the period to the date on which the rent is first expected to be adjusted on a straight-line basis over the term of the lease.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing difference that have originated but not reversed by the balance sheet date, except that

- Deferred tax is not recognised on timing difference arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- The recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

#### *Foreign currencies*

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (*continued*)

## 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

	2012 £	2011 £
Analysis by geographical market		
United Kingdom	9,864,539	8,811,861
Rest of the world	562,649	775,166
	<u>10,427,188</u>	<u>9,587,027</u>

## 3 Operating loss

	2012 £	2011 £
This is arrived at after charging/(crediting)		
Depreciation of owned fixed assets	136,624	86,417
Depreciation of assets held under hire purchase agreements	12,584	8,237
Profit on disposal of fixed assets	-	(3,000)
Auditor's remuneration		
- audit fees	15,000	14,500
- other fees	2,500	2,500
Operating lease costs		
- land and buildings	897,008	456,097
- other	135,631	187,286
Exchange differences	<u>(24,170)</u>	<u>(361,603)</u>

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (*continued*)

## 4 Employees

The average number of employees (including directors) during the financial year was as follows,

	2012 Number	2011 Number
Production	13	12
Administration	41	42
	<u>54</u>	<u>54</u>

Staff costs (including directors) consist of

	2012 £	2011 £
Wages and salaries	1,786,343	1,873,824
Social security costs	204,387	185,122
Other pension costs	31,304	54,965
	<u>2,022,034</u>	<u>2,113,911</u>

## 5 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	293,837	286,318
Company contributions to money purchase pension schemes	31,304	31,104
	<u>325,141</u>	<u>317,422</u>
Remuneration of the highest paid director		
Directors' emoluments	164,107	159,660
Company contributions to money purchase pension schemes	13,104	13,104
	<u>177,211</u>	<u>172,764</u>

The number of directors who accrued benefits under company pension schemes was 2 (2011 2)

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (*Continued*)

## 6 Interest payable and interest receivable

	2012 £	2011 £
<i>Interest payable and similar charges</i>		
Finance leases and hire purchase contracts	248	2,393
	<u>248</u>	<u>2,393</u>

	2012 £	2011 £
<i>Interest receivable</i>		
Promissory loan interest	94,130	65,428
	<u>94,130</u>	<u>65,428</u>

## 7 Taxation on ordinary activities

	2012	2011
<i>UK Corporation tax</i>	£	£
Adjustment in respect of previous periods	-	(192)
Total current tax	<u>-</u>	<u>(192)</u>
<i>Deferred tax</i>		
Adjustments in respect of prior periods	-	24,828
Taxation on loss on ordinary activities	<u>-</u>	<u>24,636</u>

A deferred tax asset of £477,812 (2011: £483,416) in relation to trading losses, capital allowances in excess of depreciation and short term timing differences has not been recognised. This has not been recognised as the company does not foresee the reversal of the underlying timing difference with sufficient certainty.

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (Continued)

## 7 Taxation on ordinary activities (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below.

	2012	2011
Loss on ordinary activities before tax	(555,652)	(1,340,820)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2011: 28%)	(155,583)	(375,430)
Effect of:		
Expenses not deductible for tax purposes	1,757	5,030
Capital allowances for period in excess of depreciation	4,094	(26,516)
Adjustments to tax charge in respect of previous periods	-	(192)
Other short term timing differences	-	2,141
Unrelieved tax losses and other deductions	149,732	394,775
Current tax credit for the year	-	(192)

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (Continued)

## 8 Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Motor vehicles £	Plant & equipment £	Total £
<i>Cost</i>					
At 31 January 2011	374,088	513,811	34,383	354,357	1,276,639
Additions	790	19,928	-	892	21,610
At 27 January 2012	<u>374,878</u>	<u>533,739</u>	<u>34,383</u>	<u>355,249</u>	<u>1,298,249</u>
<i>Depreciation</i>					
At 31 January 2011	28,038	113,718	12,650	255,848	410,254
Charge for the period	42,776	63,407	8,693	34,332	149,208
At 27 January 2012	<u>70,814</u>	<u>177,125</u>	<u>21,343</u>	<u>290,180</u>	<u>559,462</u>
<i>Net book value</i>					
At 27 January 2012	<u>304,064</u>	<u>356,614</u>	<u>13,040</u>	<u>65,069</u>	<u>738,787</u>
At 31 January 2011	<u>346,050</u>	<u>400,093</u>	<u>21,733</u>	<u>98,509</u>	<u>866,385</u>

The net book value of tangible fixed assets includes an amount of £37,679 (2011 £50,623) in respect of to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £12,584 (2011 £8,237)

## 9 Investments

	£
At 31 January 2011 and 27 January 2012	<u>1,943</u>

### Subsidiary undertakings

		Class of share capital held	Proportion held	Capital and reserves	Profit/ (loss) for the financial year
Country of registration					
Ebor Machinery Limited	England	Ordinary	100%	£50,040	nil

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (Continued)

## 10 Stocks

	2012 £	2011 £
Finished goods	3,636,231	3,024,655

## 11 Debtors

	2012 £	2011 £
Trade debtors	1,731,201	1,592,317
Amounts owed by group undertakings	2,498,974	1,561,049
Prepayments and accrued income	281,198	272,720
Promissory loan (note 15)	1,302,552	1,359,714
Corporation tax debtor	192	192
Other debtors	16,098	-
	5,830,215	4,785,992

All amounts shown under debtors fall due for payment within one year except the promissory loan of which £1,241,184 (2011 £1,302,552) is due over one year

## 12 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	416,313	523,628
Amounts owed to group undertakings	10,767,496	8,500,553
Taxation and social security	69,134	65,315
Amounts due under hire purchase agreements	-	21,430
Other creditors	3,631	18,112
Accruals and deferred income	187,736	243,525
	11,444,310	9,372,563

## 13 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Amounts due under hire purchase agreements	-	2,751

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (Continued)

## 14 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Operating leases which expire				
Within 1 year	-	23,542	-	11,315
In 2 to 5 years	133,593	73,177	133,593	82,098
After 5 years	769,014	-	763,415	-
	<u>902,607</u>	<u>96,719</u>	<u>897,008</u>	<u>93,413</u>

## 15 Related party transactions

The company has taken advantage of the exemption included in FRS 8 and has not disclosed transactions with other wholly owned members of the group headed by C R Laurence Co, Inc

At the year end £1,302,552 (2011 £1,359,714) was owed by L&D Real Estate Limited, a company controlled and owned by LW Talbert and DE Friese This loan incurred interest of 7 12% per annum which was £94,130 in the year (2011 £65,428)

Rent of £763,415 (2011 £279,981) was paid to L&D Real Estate Limited for rental of the company's head office and a rental deposit of £124,436 is held by the company In addition, in the prior year, fixed assets of £327,100 were purchased from L&D Real Estate Limited

During the year rent of £93,359 (2011 £7,780) was paid to Stephen Boocock, a director of the company At the year end there was a balance of £17,000 (2011 £nil) due from Stephen Boocock in relation to improvements made to the property

## 16 Called up share capital

	2012 £	2011 £
Allotted and fully paid 30,000 Ordinary shares of £1 each	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

# C.R. Laurence of Europe Limited

Notes forming part of the financial statements  
for the year ended 27 January 2012 (Continued)

## 17 Profit and loss account

	2012 £	2011 £
Balance brought forward	(367,095)	998,361
Loss for the financial period	(555,652)	(1,365,456)
Balance carried forward	<u>(922,747)</u>	<u>(367,095)</u>

## 18 Reconciliation of movements in shareholder's deficit

	2012 £	2011 £
Loss for the year	(555,652)	(1,365,456)
Opening shareholder's (deficit)/funds	(337,095)	1,028,361
Closing shareholder's deficit	<u>(892,747)</u>	<u>(337,095)</u>

## 19 Ultimate parent company

The company is a wholly owned subsidiary of C R Laurence UK Limited which is registered in England and Wales. The smallest group of undertakings for which group accounts have been drawn up which include the results of the company at 27 January 2012 is that headed by C R Laurence UK Limited.

The ultimate parent company and controlling party is C R Laurence Co Inc, a company incorporated in California, USA.