Carbolite Gero Limited (formerly Carbolite Limited)

Annual report and financial statements

Registered number 01371507

For the year ended 31 December 2015

Contents

Strategic report

Business Objectives and Strategy

The principal activities of the company are the manufacture and distribution of furnaces and ovens for laboratory pilot plant and industrial applications. Stock held for sale consists of raw materials purchased from third parties, and products manufactured.

Key areas of strategic development and performance of the business include:

- Sales and Marketing – A unified marketing strategy has been implemented across the Verder Scientific Group aimed at winning new business, whilst also maintaining key customer relationships, by building on the overlapping markets and applications in which the Groups products are used.
- Manufacturing - new products continue to be developed both in our Laboratory and Bespoke Industrial business, whilst also seeking to benefit from identified production efficiencies.

Business model

Carbolite Gero Limited ("Carbolite Gero") (formerly Carbolite Limited) aligns itself to the needs of our customers, whilst still considering our own profitability targets. Our customers are treated in a fair, trustworthy and personal business relationship. Long term relationships are essential to us.

The company always looks to create added value for our customers by selling high quality products at competitive prices.

It is also of great importance that the company has a well-trained and motivated workforce.

Development and Performance during the year

Carbolite Gero saw a stable performance during 2015. During this period there was continued development of Carbolite Gero's worldwide distribution network enhanced by the Verder Group and combined marketing activity. This has set the foundation to bring future benefits through increased market presence in some key growth markets.

The results of the company are set out on page 7. The company generated an operating profit of £1.34m (*Period ending December 2014: £2.0m*) in the year from turnover of £13.7m (*Period ending Dec 2014: £13.6m*).

Position at year end and future prospects

The Company plans to continue with its existing strategy for 2016. The Company has made a positive start to the new financial year and is well positioned to benefit from any further market growth. New products are to be released during the year to add to the current product portfolio together with increased focus on marketing.

The Principal Risks and Uncertainties facing the Business

The principal risks and uncertainties affecting the business include the following:

- Foreign exchange risk. The company does not hedge foreign exchange risk with many intergroup sales being made in Euros or US Dollars, whilst purchases and financial statements are reported in Sterling, meaning fluctuations in exchange rates can have an impact on financial results.
- With a significant proportion of revenue coming from outside the UK, another global recession would impact the businesses growth prospects for the future, although the businesses global market spread gives some protection from possible economic downturns in isolated markets.

Strategic report *(continued)*

Key Performance Indicators

Key financial performance indicators include the monitoring and management of profitability and working capital

The following Key Performance Indicators are monitored monthly:

	2015	2014	Measure
Financial current ratio	2.92	2.79	Current assets/ current liabilities
Stock turnover	11.32	10.31	Turnover/stock
Debtor days	31.79	20.28	Trade debtors/ turnover

These together with a range of traditional financial indicators generated monthly ensure that deviations to plan are spotted early and appropriate corrective actions are implemented.

Dr J Pankratz
Director

Parsons Lane
Hope
Hope Valley
S33 6RB

18th August 2016

Directors' report

The director presents the annual report and the financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the company are the manufacture and distribution of furnaces and ovens for laboratory pilot plant and industrial applications.

Director

The names of those who have been Directors during the period are as follows:-

Dr J Pankratz

The director had no interests in the shares of the company.

The director confirms that no third party indemnity provisions for his benefit have been in place, neither at the time this report was signed nor at any time during the financial year.

Employee involvement

The company has established channels for communication and consultation with employees and their representative on health and safety, financial results, and other matters of shared interest.

Disabled persons

Equal opportunity is given to any registered disabled person who applies for employment, taking into account the aptitude of the applicant and the requirements of the job.

Should any employee become disabled, all reasonable steps are taken to provide continued employment and retraining.

Opportunities for training, career development and promotion are extended to all employees regarding any disability, consistent with the requirements of the company and the potential of the person concerned.

Disclosure of information to auditor

The director who held office at the date of approval of this directors' report confirm that, so far as they are 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.

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

Dr J Pankratz
Director

Parsons Lane,
Hope,
Hope Valley,
Derbyshire,
S33 6RB

18th August 2016

Statement of directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements

The director is responsible for preparing the Directors' Report, Strategic 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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.

KPMG

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Carbolite Gero Limited

We have audited the financial statements of Carbolite Gero Limited for the year ended 31 December 2015 as set out on pages 7 to 20. 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 4, 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 2015 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.

Independent auditor's report to the members of Carbolite Gero Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

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

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.

K L'Estrange

Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

19 August 2016

Profit and loss account and Other comprehensive income

for the year ended 31 December 2015

	Note	**2015** **£**	2014 £
Turnover	2	**13,657,184**	13,593,661
Cost of sales		**(7,899,508)**	(7,216,791)
Gross profit		**5,757,676**	6,376,870
Distribution costs		**(164,737)**	(154,825)
Administration costs		**(3,263,697)**	(3,320,610)
Other operating expenses		**(985,316)**	(905,587)
Operating profit	3	**1,343,926**	1,995,848
Loss from sale of subsidiary / branch	7	**-**	(135,725)
Net interest receivable/(payable)	4	**918**	(2)
Profit on ordinary activities before taxation		**1,344,844**	1,860,121
Tax on profit on ordinary activities	5	**(399,108)**	(418,855)
Profit for the financial year		**945,736**	1,441,266
Total comprehensive income for the year		**945,736**	1,441,266

All of the activities of the company are classed as continuing.

The company has no other comprehensive income other than the results for the year as set out above, and therefore no separate statement of total comprehensive income has been presented.

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

Balance sheet
as at 31 December 2015

	Notes	2015	2014
		£	£
Fixed assets			
Tangible assets	6	**922,166**	1,458,446
Investments	7	**836,946**	836,946
		1,759,112	2,295,392
Current assets			
Stocks	8	**1,206,683**	1,318,803
Debtors	9	**12,350,402**	10,487,473
Cash at bank and in hand		**762,274**	567,900
		14,319,359	12,374,176
Creditors: amounts falling due within one year	10	**(4,903,728)**	(4,436,261)
Net current assets		**9,415,631**	7,937,915
Total assets less current liabilities		**11,174,743**	10,233,307
Provisions	11	**(331,700)**	(336,000)
Net assets		**10,843,043**	9,897,307
Capital and reserves			
Called up share capital	12	**200,000**	200,000
Profit and loss account		**10,643,043**	9,697,307
Shareholders' funds		**10,843,043**	9,897,307

These financial statements were approved by the board of directors on 18th August 2016 and were signed on its behalf by:

Dr J Pankratz
Director

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

Statement of changes in equity
for the year ended 31 December 2015

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2014	200,000	11,827,210	12,027,210
Total comprehensive income for the period			
Profit for the year	-	1,441,266	1,441,266
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,441,266	1,441,266
Transactions with owners, recorded directly in equity			
Dividends	-	(3,571,169)	(3,571,169)
Total contributions by and distributions to owners	-	(3,571,169)	(3,571,169)
Balance at 31 December 2014	**200,000**	**9,697,307**	**9,897,307**
Total comprehensive income for the period			
Profit for the year	-	945,736	945,736
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	945,736	945,736
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2015	**200,000**	**10,643,043**	**10,843,043**

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

Notes
(forming part of the financial statements)

1 Accounting policies

Carbolite Gero Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Verder International BV includes the Company in its consolidated financial statements. The consolidated financial statements of Verder International BV are available to the public and may be obtained from their registered office as disclosed in Note 17. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Verder International BV include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 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. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

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

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are wholly owned subsidiaries of Verder International B.V. and included by full consolidation in the consolidated financial statements of Verder International B.V. which are publicly available.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

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

Notes *(continued)*

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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.

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 10-25 years
- Plant and equipment 5 years
- Vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Employee benefits

Defined contribution plans and other long term employee benefits

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

Notes *(continued)*

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax, from the provision of goods and services to customers during the financial year. Revenue is recognised when the significant risks and rewards of ownership are transferred, when there is no continuing managerial involvement, where revenue can be measured reliably and it is probable that the benefits associated with the transaction will be received by the company.

Expenses

Operating lease

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 unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, 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 are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Accounting estimates and judgements

Key sources of estimation uncertainty

Valuation of stock

The company is exposed to stock obsolescence caused through changing customer requirements and the risk of over production. Provisions are recorded to reduce the value of stocks to their net realisable value as determined by production forecasts.

Critical accounting judgements in applying the Company's accounting policies
There are no other critical accounting judgements involved in application of the Company's accounting policies.

2 Turnover

The company operates in one class of business, that of the sale of furnaces and ovens.

The analysis of sales by geographical destination is set out below:

	2015	2014
	£	£
United Kingdom	**5,662,235**	5,697,273
Continental Europe	**3,506,085**	3,727,276
North America	**1,046,163**	1,167,534
Rest of World	**3,442,701**	3,001,578
	13,657,184	13,593,661

All turnover originated in the United Kingdom.

Notes *(continued)*

3 Expenses and auditors remuneration

Operating profit is stated after charging the following items:

	2015 £	2014 £
Depreciation of fixed assets	**584,839**	376,616
Hire of plant and machinery – operating leases	**22,144**	14,893
Hire of other assets – operating leases	**75,626**	77,609
Auditor's remuneration:		
Audit of these financial statements	**21,164**	39,550
Taxation services	**6,500**	6,500

Emoluments of directors

The director is also a director of other group companies for whom their primary duties are discharged. The director receives no emoluments in respect of his position as director of the company and accordingly no emoluments are disclosed in these accounts.

Director's emoluments are paid by other companies within the Group but are not recharged.

The average number of persons employed by the company including directors was:

	2015 No.	2014 No.
Management	**11**	15
Clerical and related	**59**	61
Operatives	**71**	72
	141	148

Employee costs including directors were:

	2015 £	2014 £
Wages and salaries	**3,967,504**	3,798,121
Social security costs	**379,666**	369,522
Pension costs	**270,874**	291,961
	4,618,044	4,459,604

4 Net interest receivable/(payable)

	2015 £	2014 £
Interest receivable	**918**	-
Interest payable to HMRC	**-**	(2)
	918	(2)

Notes *(continued)*

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2015	2014
	£	£
Current tax		
UK corporation tax on profits of the period	**299,266**	368,832
Group relief payable	**78,553**	107,182
Adjustment in respect of previous periods	**24,391**	(36,594)
Total current tax	**402,210**	439,420
Deferred taxation		
Origination and reversal of timing differences	**(62,598)**	(20,565)
Adjustments in respect of previous periods	**58,458**	-
Effects of tax rate change	**1,038**	-
Total deferred tax credit	**(3,102)**	(20,565)
Total tax on ordinary activities	**399,108**	418,855

Factors affecting the tax charge for the current period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015	2014
	£	£
Profit on ordinary activities before taxation	1,344,844	1,860,121
Tax on profit at UK tax rate of 21.5% (2013:23.25%)	**272,285**	399,799
Effects of		
Income not taxable for tax purposes	**10,699**	35,050
Depreciation in excess of capital allowances	**26,268**	19,139
Adjustments to brought forward values	**(2,916)**	-
R&D expenditure credits	**1,072**	-
Adjustments in respect of previous periods	**24,391**	(36,594)
Adjustments to deferred tax in respect of previous periods	**58,458**	-
Deferred tax rate differences	**8,851**	1,535
Timing differences not recognised in the computation	-	(74)
Total tax charge included in profit and loss	**399,108**	418,855

Explanation of applicable tax rates

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

6 Tangible fixed assets

	Freehold land and buildings £	Plant, machinery and vehicles £	Total £
Cost			
At 1 January 2014	742,717	2,352,536	3,095,253
Additions	-	87,035	87,035
Disposals	-	(99,426)	(99,426)
At 31 December 2015	742,717	2,340,145	3,082,862
Depreciation			
At 1 January 2014	365,283	1,271,524	1,636,807
Provided during the year	55,772	529,067	584,839
Disposals	-	(60,950)	(60,950)
At 31 December 2015	421,055	1,739,641	2,160,696
Net book value			
At 31 December 2015	**321,662**	**600,504**	**922,166**
At 31 December 2014	377,434	1,081,012	1,458,446

7 Investments

	2015 £	2014 £
Cost and net book value at 1 January and 31 December	**836,946**	836,946

The company's interest in its subsidiary companies is as follows:

	Country of incorporation	Principal activity	Proportion of ordinary shares held
LIP (Equipment and Services) Limited	UK	Non-trading	100%
Carbolite Ovens Limited	UK	Non-trading	100%
Lenton Thermal Designs Limited	UK	Non-trading	100%

8 Stocks

	2015	2014 £
Raw materials	**807,116**	744,375
Work in progress	**324,358**	484,387
Finished goods	**75,209**	90,041
	1,206,683	1,318,803

Notes *(continued)*

9 Debtors

	2015 £	2014 £
Trade debtors	**1,189,495**	755,440
Amounts owed by group undertakings	**10,858,520**	9,438,448
Prepayments and accrued income	**230,449**	214,902
Deferred tax asset	**71,938**	68,836
Corporation tax	**-**	9,847
	12,350,402	10,487,473

The amounts owed by group undertakings are unsecured repayable on demand and have no interest.

Deferred tax

The deferred tax asset consists of the following amounts:

	2015 £	2014 £
Accelerated capital allowances	**41,579**	55,012
Short term timing differences	**30,359**	13,824
Short term timing differences	**71,938**	68,836

The movement in the deferred tax balance is given below:

	2015 £
Deferred tax asset at 1 January 2014	**68,836**
Charge to profit and loss account in the period	**3,102**
Deferred tax asset at 31 December 2015	**71,938**

10 Creditors

	2015 £	2014 £
Trade creditors	**678,120**	663,883
Amounts owed to related undertakings	**1,437,535**	1,340,944
Other taxation and social security	**90,595**	133,634
Accruals and deferred income	**1,541,580**	1,190,969
Other creditors	**384,642**	590,294
Corporation tax	**227,230**	-
Corporation tax – group relief	**544,026**	516,537
	4,903,728	4,436,261

The amounts owed to group undertakings are unsecured repayable on demand and have no interest.

Notes *(continued)*

11 Provisions for liabilities

	Warranty provision £
At 1 January 2014	336,000
Movements in the period	
Provided	-
Utilised	(4,300)
At 31 December 2015	**331,700**

The warranty provision relates to expected warranty claims in respect of products sold with warranties in the last two years. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within two years of the balance sheet date.

12 Share capital

	2015 £	2014 £
Allotted called up and fully paid		
200,000 ordinary shares of £1 each	**200,000**	200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Pension costs

Contributions to the Prudential stakeholder pension plan for the period January to April were £95,669 and to the new Scottish Widows pension plan, £175,206 *(2014: £196,292)*. At the year-end there was £43,118 payable in respect of the pension arrangements *(2014: £43,118)*.

14 Financial commitments

At 31 December 2015, the company had commitments under non-cancellable operating leases as follows:

	2015		2014	
	Land and buildings £	**Other £**	Land and buildings £	Other £
Expiring within one year	**14,455**	**77,727**	-	14,796
Expiring between two and five years	**-**	**121,237**	34,692	51,744
	14,455	**198,964**	34,692	66,540

15 Contingent liabilities

During the current year the company guaranteed jointly with certain other group companies, the liabilities under various banking facilities. At 31 December 2015 the outstanding liabilities under these facilities amounted to £nil *(2014: £nil)*.

Notes *(continued)*

16 Ultimate holding company

The parent company is Carbolite Holdings Limited, a company incorporated in the UK. The ultimate parent undertaking and controlling party is Verder International B.V., a company registered in The Netherlands, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of the company can be obtained from their registered office:

Utrechtseweg 4A
NL 3450 AA Vleuten
The Netherlands