

Carbolite Holdings Limited

**Directors' report and financial
statements**

Registered number 06758930

31 December 2014

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Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the members of Carbolite Holdings Limited	5
Profit and loss account	7
Balance sheet	8
Notes	9

Strategic report

Business Objectives and Strategy

The company is an intermediate holding company. The entity holds investment in a trading company Carbolite Limited (Registered number 01371507), this activity will continue in the future.

The principal activities of the trading 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

The trading company Carbolite Ltd aligns itself to the needs of its customers, whilst still considering our own profitability targets. Customers are treated in a fair, trustworthy and personal business relationship. Long term relationships are essential.

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 Ltd saw 2014 bring a strong performance. During this period there was continued development of Carbolite's worldwide distribution network enhanced by the Verder Group and combined marketing activity. This is expected to bring future benefits through increased market presence in some key growth markets.

Position at year end and future prospects

The trading company plans to continue with its existing strategy for 2015. 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 trading 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 of the trading company include the monitoring and management of profitability and working capital

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

8 September 2015

Directors' report

The director present his report and audited accounts for the year ended 31 December 2014. Comparative figures represent the 12 months to December 2013

Principal activities

The company is an intermediate holding company. This activity will continue in the future.

Results and dividends

The profit for the period before taxation amounted to £3,073,358 (2013: £581,602 loss). The directors declared a dividend of £2,371,169 (2013: *£nil*). The retained gain of £809,371 (2013: £401,472 loss) has been added to reserves.

Director

The name of the Director during the period are as follows:-

Dr J Pankratz

Disclosure of information to auditor

The director who held office at the date of approval of this directors' report confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and he 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

8 September 2015

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

The directors are 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 Director's Reports, Strategic Reports and 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).

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

- select suitable accounting policies and then apply them consistently;
- make 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

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

We have audited the financial statements of Carbolite Holdings Limited for the year ended 31 December 2014 as set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

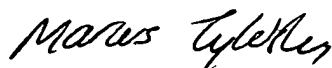
In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

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



Marcus Tyldsley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

~~29~~ September 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Operating profit/(loss)	3	19,166	(5,571)
Income from shares in group undertakings		3,571,169	-
Interest payable and similar charges	4	(516,977)	(576,031)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		3,073,358	(581,602)
Tax credit on profit/(loss) on ordinary activities	5	107,182	180,130
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation	10,11	3,180,540	(401,472)
		<hr/>	<hr/>

The company has no recognised gains or losses other than the gain for the current year and loss from prior year, as shown above. Accordingly, a separate statement of total recognised gains and losses is not presented.


All operations are continuing.

The notes on pages 9 to 14 form an integral part of these financial statements.

Balance sheet
as at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Investments	6	15,976,365	15,976,365
		<hr/>	<hr/>
Current assets			
Cash at bank and in hand		388	418
		<hr/>	<hr/>
		388	418
		<hr/>	<hr/>
Creditors: amounts falling due within one year	7	(8,369,830)	(7,644,963)
		<hr/>	<hr/>
Net current liabilities		(8,369,442)	(7,644,545)
		<hr/>	<hr/>
Total assets less current liabilities		7,606,923	8,331,820
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	8	(7,499,862)	(9,034,130)
		<hr/>	<hr/>
Net assets/(liabilities)		107,061	(702,310)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	10	97,061	(712,310)
		<hr/>	<hr/>
Shareholders' deficit	11	107,061	(702,310)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 8 September 2015 and were signed on its behalf by:



Dr. J Pankratz
Director

The notes on pages 9 to 14 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standard. The particular accounting policies adopted by the directors are as described below. They have been applied consistently in the current and preceding year.

Going concern basis of preparation

The directors have reviewed budgets and forecasts for the group as a whole for the period up to 31 December 2015, which were prepared in December 2014 assuming the economic conditions pertaining at that time would continue throughout the period. These budgets and forecasts indicate that, provided the individual businesses perform substantially in line with their expectations the group will meet all of its obligations as they apply.

Management also periodically considers three year strategic plans for the business.

Subsequent to the balance sheet date, the trading performance of the group was slightly better than had been included in the forecast to December 2015 and the forward order book indicated that this situation is unlikely to deteriorate in the foreseeable future. The directors have identified some opportunities to assist in mitigating deteriorations and uncertainties in trading conditions in the event that such circumstances may threaten or occur.

On the basis of the above information, the directors are satisfied that the use of the going concern assumption is appropriate for the company.

Cash flow statement

The company has not prepared a cash flow statement as it is a wholly owned subsidiary of Verder International B.V and its cash flows are included in that company's consolidated cash flow statement. This is in accordance with FRS1 Cash Flow Statements (Revised 1996).

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by 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 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 is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on remitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on remitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Investment held as fixed assets are stated at cost less provision for impairment.

Consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Auditor's remuneration

Audit fees are borne by another group company. If audit fees had been recharged, the fee for the audit of the company's annual accounts would have been £2,100 (2013: £2,050). There are no non-audit fees payable to the auditor (2012: £nil).

2 Directors' emoluments

The directors receive no emoluments in respect of their position as directors of this company or otherwise in connection with the management of the company. The company has no other employees (2012: none)

Notes (continued)

3 Operating loss

	2014 £	2013 £
Other expenses	19,166	(5,571)
Operating loss	<u>19,166</u>	<u>(5,571)</u>

4 Interest payable and similar charges

	2014 £	2013 £
Group interest payable	(516,977)	(576,031)
	<u>(516,977)</u>	<u>(576,031)</u>

5 Taxation

	2014 £	2013 £
<i>The tax credit comprises:</i>		
Current tax credit for the year	(107,182)	(135,308)
Adjustment in respect of previous periods	-	(44,822)
Total tax on loss on ordinary activities	<u>(107,182)</u>	<u>(180,130)</u>

The standard rate for the year, based on the UK standard rate of corporation tax is 21.49% (2013: 23.25%), the actual charge differs from the standard rate for the reasons set out in the following reconciliation.

	2014 £	2013 £
(Loss)/Profit on ordinary activities before taxation	<u>3,073,358</u>	<u>(581,602)</u>
Tax at 21.49% (2013: 23.25%) thereon	660,561	(135,203)
Expenses not deductible for tax purposes	-	1
Group relief surrendered / (claimed)	107,182	
Payment / (receipt) for group relief	(107,182)	
(Utilisation)/creation of tax losses	(187)	(106)
Adjustments in respect of previous periods	-	(44,822)
Income not taxable for tax purposes	<u>(767,556)</u>	<u>-</u>
Current tax credit	<u>(107,182)</u>	<u>(180,130)</u>

Deferred tax of £52,711 (2013: £69,598) in relation to taxable losses is not provided for on the basis of insufficient forecast profits against which to realise the asset.

Notes (continued)

6 Investments

£

Cost and net book value

As at 1 January 2014 and 30 December 2014

15,976,365

The investment relates to 100% of Carbolite Limited. Carbolite Limited is a trading company incorporated in the UK.

7 Creditors: amounts falling due within one year

	2014 £	2013 £
Accruals	2,100	3,000
Amounts due to group undertakings	8,367,730	7,641,963
	<u>8,369,830</u>	<u>7,644,963</u>

8 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	7,499,862	9,034,130
	<u>7,499,862</u>	<u>9,034,130</u>
The borrowings are repayable as follows:		
After five years	7,499,862	9,034,130
	<u>7,499,862</u>	<u>9,034,130</u>

£7,499,862 due to group undertakings is subordinate to all other intergroup debt. Interest accrues at 6% and is repayable on demand.

Notes (continued)

9 Share capital

	2014 £	2013 £
<i>Allotted called up and fully paid</i>		
Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

10 Profit and loss account

	Profit and loss account £
At 31 December 2013	(712,310)
Profit for the financial period	3,180,540
Dividend paid	(2,371,169)
	<u>97,061</u>
At 31 December 2014	<u>97,061</u>

11 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
(Loss) / Profit for the financial period	3,180,540	(401,472)
Dividend paid	(2,371,169)	-
	<u>809,371</u>	<u>(401,472)</u>
Net movement in shareholders' deficit	809,371	(401,472)
Opening shareholders' deficit	(702,310)	(300,838)
	<u>107,061</u>	<u>(702,310)</u>
Closing shareholders' deficit	<u>107,061</u>	<u>(702,310)</u>

12 Contingent liabilities

During the current year the company guaranteed jointly with certain other group companies, the liabilities under various banking facilities. At 31 December 2014 following the change in ownership to Verder Holdings U.K. Limited the outstanding liabilities under these facilities amounted to £nil (2013: £nil).

13 Ultimate holding company

The parent company is Verder Holdings UK 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

Notes *(continued)*

14 Related party transactions

The company has taken advantage of the exemption included in Financial Reporting Standard No 8 "Related Party Disclosures" (Para 3) for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investors of the group qualifying as related parties.