Mersen UK Teesside Limited

Annual report and financial statements

Registered number 03473721

31 December 2017



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Company Information

Directors	L Themelin A Freer
Company secretary	I Herrero
Registered number	03473721
Registered office	Boltby Way Durham Lane Industrial Park Eaglescliffe Stockton-on-Tees Cleveland TS16 0RH
Independent auditor	KPMG LLP 20 Castle Court Edinburgh EH1 2EG

Strategic Report

Introduction

The directors present their strategic report for the year ended 31 December 2017.

Business review

The business saw an increase in sales over previous year by 6.4%. This increase in activity was due to our continuous effort to increase our product portfolio, on-time deliveries and customer satisfaction.

Future developments

- Continue to focus on operational excellence to control and reduce cost, improve quality and service.
- Continue to develop new products and diversify using existing infrastructure and skills.

Key performance indicators

All KPI's of the business are measured, monitored and managed to ensure targets and objectives going forward are achieved. This is done by

- Stock levels are measured in days of stock holdings;
- Trade debtors are monitored for being overdue and average days outstanding;
- Trade creditors are monitored in relation to the level of purchasing; and
- Non trade debtors and creditors are monitored in relation to their impact on cash flow.

Financial	**2017**	**2016**
Turnover- £000	6,151	5,782
Operating profit- £000	154	426
Net assets-£000	8,097	7,981

Principal risks and uncertainties

Business risk

Business risks are an everyday occurrence. The Group has in place a risk evaluation monitoring and reduction policy which the Company also adopts. The key areas of risk exposure are credit, interest, currency and competition. The exposure to these risks is monitored and action taken to reduce the risks where appropriate.

Brexit is being followed to determine any possible impact in future operations.

Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a pre-determined amount. All overdue debts are monitored regularly. At the balance sheet date there were no significant areas of credit risk not covered.

Interest rate risk

The Company's exposure to interest at floating rates is regularly evaluated and action would be taken to mitigate exposure if thought necessary. The Company is currently comfortable with the interest rate risk and level of exposure.

Foreign currency risk

The Company is exposed to foreign currency risk on sales, purchases and intergroup accounts which are denominated in a currency other than sterling. The Company continues to monitor exchange rates and arranges cover where considered appropriate to minimise exposure to foreign exchange risk. The Company does not speculate on currency rates.

Strategic Report *(continued)*

Competition risk

The Company continues to monitor product quality and customer service to continue to protect their market share by ensuring that these are of high priority. The Company ensures aggressive competitive pricing to erode sales margins

By order of the board

L Themelin
Director

Boltby Way
Durham Lane Industrial
Park
Eaglescliffe
Stockton-on-Tees
Cleveland
TS16 0RH

24 September 2018

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the Company in the year under review was the manufacture and sale of carbon and associated products.

Results and dividends

The profit for the year, after taxation, amounted to £115,324 *(2016: £354,853)*. The directors do not recommend the payment of a dividend *(2016: £nil)*.

Directors

The directors who served during the year and to the date of this report were as follows:

L Themelin

A Freer

Charitable/political donations
The Company made no charitable donations or political contributions during the current year or the prior year.

Financial Instruments
Details of the Company's financial instruments are given in notes 11 and 12 to the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this director's report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

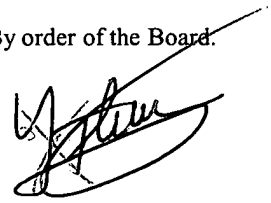
Post balance sheet events

There have been no significant events affecting the Company since the year end.

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.



L Themelin
Director

Boltby Way
Durham Lane Industrial
Park
Eaglescliffe
Stockton-on-Tees
Cleveland
TS16 0RH

24 September 2018

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the director must not approve the financial statements unless he is 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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
Saltire Court
20 Castle Court
Ediburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Mersen UK Teesside Limited

Opinion

We have audited the financial statements of Mersen UK Teesside Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Mersen UK Teesside Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Katie Morrison (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

28 September 2018

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	**6,151,291**	5,781,921
Cost of sales		**(4,838,367)**	(4,475,247)
Gross profit		**1,312,924**	1,306,674
Distribution costs		**(564,619)**	(525,124)
Administrative expenses		**(594,167)**	(355,655)
Operating profit	4	**154,138**	425,895
Interest payable and similar expenses	7	**(8,865)**	(3,231)
Profit before taxation		**145,273**	422,664
Tax on profit	8	**(29,949)**	(67,811)
Profit for the year		**115,324**	354,853

The results for the year were derived wholly from continuing operations.

The Company had no Other Comprehensive Income during the current or prior year other than the profit set out above.

The notes on pages 11 to 19 form part of these financial statements.

Balance Sheet
at 31 December 2017

	Note	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	9		**1,569,930**		1,279,411
Current assets					
Stocks	10	**1,297,115**		1,045,346	
Debtors	11	**12,390,370**		11,305,990	
Cash at bank and in hand		**179,100**		477,476	
		13,866,585		12,828,812	
Creditors: amounts falling due within one year	12	**(7,288,517)**		(6,085,898)	
Net current assets			**6,578,068**		6,742,914
Total assets less current liabilities			**8,147,998**		8,022,325
Provisions for liabilities					
Deferred tax liability	13		**(51,446)**		(41,097)
Net assets			**8,096,552**		7,981,228
Capital and reserves					
Called up share capital	14		**1,000**		1,000
Profit and loss account			**8,095,552**		7,980,228
Shareholders' funds			**8,096,552**		7,981,228

The notes on pages 11 to 19 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of directors on 24 September 2018 and were signed on its behalf by:

L Themelin
Director

Company registered number: 03473721

Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	1,000	7,625,375	7,626,375
Total comprehensive income for the year			
Profit for the year	-	354,853	354,853
Balance at 31 December 2016	**1,000**	**7,980,228**	**7,981,228**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	1,000	7,980,228	7,981,228
Total comprehensive income for the year			
Profit for the year	-	115,324	115,324
Balance at 31 December 2017	**1,000**	**8,095,552**	**8,096,552**

Notes
(forming part of the financial statements)

1 Accounting policies

Mersen UK Teesside Limited is a private Company incorporated, domiciled and registered in England. The addresses of its registered office and principal place of business is Boltby Way, Durham Lane Industrial Park, Eaglescliffe, Stockton-on-Tees, Cleveland, TS16 0RH. The registered number is 03473721.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

The Company's ultimate parent undertaking, Mersen SA, includes the Company in its consolidated financial statements. The consolidated financial statements of Mersen SA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Tour EQHO, 2 Avenue Gambetta, CS 10077, F-92066, La Defense Cedex, France.

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

- Cash Flow Statement and related notes;
- Comparative period reconciliations of tangible fixed assets.
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- Disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of Mersen SA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The Company is expected to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's parent Mersen S A to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Mersen group to continue as a going concern.

On the basis of their assessments of the Company's financial position and of the enquiries made of the directors of Mersen S A, the Company's directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, 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.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Non-derivative financial instruments *(continued)*

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 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.

The Company assesses at each reporting date whether tangible fixed assets 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. Land is not depreciated. The estimated useful lives are as follows:

- Freehold Property - 25% per annum
- Plant and machinery - 10% per annum
- Office equipment - 10% per annum
- Computer equipment - 33% per annum

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

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average 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.

1.8 Revenue recognition

Revenue is recorded at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of business. Revenue is shown net of Value Added Tax of goods and services provided to customers and trade discounts.

Sales are recognised on dispatch where there has been a right to consideration in exchange for performance. The following criteria must also be met before revenue is recognised:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Expenses

Operating lease payments

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

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on loans and borrowings.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The directors do not consider that there were any areas of significant estimation uncertainty or application of judgement.

3 Turnover

By geographical market	**2017** **£**	2016 £
United Kingdom	**3,407,766**	3,487,477
EEC Sales	**2,331,805**	1,686,890
Rest of the world	**411,720**	607,554
	6,151,291	5,781,921

All turnover relate to sale of carbon and associated products.

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit are the following:

	2017 £	2016 £
Depreciation of tangible fixed assets	**136,804**	121,424
Foreign exchange (gain)	**(2,005)**	(24,997)
Other operating lease rentals	**35,398**	16,244

The Company paid the following amounts to its auditors in respect of the audit of the financial statements:

	2017 £	2016 £
Audit of these financial statements	**13,096**	12,358

5 Staff numbers and costs

The average monthly number of employees, including the directors, during the year was as follows:

	Number of employees 2017	2016
Production	**58**	62
Other	**14**	17
	72	79

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	**1,454,065**	1,355,684
Social security costs	**147,365**	142,252
Cost of defined contribution scheme	**130,051**	147,913
	1,731,481	1,645,849

6 Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**44,179**	35,935
Company contributions to defined contribution pension schemes	**2,535**	2,350
	46,714	38,285

During the year retirement benefits were accruing to 2 directors *(2016: 2)* in respect of defined contribution pension schemes.

Notes *(continued)*

7 Interest payable and similar expenses

	2017 £	2016 £
Other loan interest payable	8,865	3,231

8 Taxation

Total tax expense recognised in the profit and loss account

	2017 £	2016 £
Current tax		
Current taxation for the year	28,950	35,714
Adjustments in respect of prior periods	(9,912)	-
Total current tax	19,038	35,714
Deferred tax		
Origination and reversal of temporary differences	1,269	32,597
Adjustments in respect of prior periods	9,080	-
Effect of tax rate change on opening balance	-	(500)
Total deferred tax	10,349	32,097
Tax charge on profit	29,949	67,811

Reconciliation of effective tax rate

	2017 £	2016 £
Profit before tax	115,324	422,664
Profit multiplied by standard rate of corporation tax in the UK of 19% *(2016:20%)*	22,200	84,533
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	625	1,528
Fixed asset differences	6,477	4,283
Other tax adjustments, reliefs and transfers	1,479	13,164
Group relief	-	(35,697)
Adjustments in respect of prior periods	(832)	-
Total tax charge for the year	29,949	67,811

Factors that may affect future tax charges

As a UK resident in the Mersen S A group, the Company is eligible to surrender UK group relief to, or claim UK group relief from, other UK tax resident Mersen S A group companies. These claims and/or surrenders may be made with or without charge.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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 and an additional reduction to 17% (effective 1 April 2020)

Notes *(continued)*

8 Taxation *(continued)*

was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

9 Tangible fixed assets

	Freehold property	Plant and machinery	Office equipment	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2017	1,053,044	2,593,696	107,437	88,047	3,842,224
Additions	4,750	409,564	11,766	8,244	434,324
Disposals	-	(261,171)	(9,035)	(30,620)	300,826
Balance at 31 December 2017	1,057,794	2,742,089	110,168	65,671	3,975,722
Depreciation					
Balance at 1 January 2017	380,781	2,015,178	102,393	64,461	2,562,813
Charge for the year	18,483	108,609	5,208	4,504	136,804
Disposals	(8,809)	(249,577)	(4,819)	(30,620)	(293,825)
Balance at 31 December 2017	390,455	1,874,210	102,782	38,345	2,405,792
Net book value					
At 1 January 2017	672,263	578,518	5,044	23,586	1,279,411
At 31 December 2017	**661,536**	**867,879**	**7,386**	**27,326**	**1,569,930**

The cost of freehold land included in freehold property amounted to £167,850 *(2016: £167,850)*.

10 Stocks

	2017	2016
	£	£
Raw materials	**694,614**	627,214
Work in progress	**142,004**	81,903
Finished goods and goods for resale	**460,496**	336,229
	1,297,115	1,045,346

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £2,662,640 *(2016: £2,321,203)*. The write-down of stocks to net realisable value amounted to £nil *(2016: £nil)*.

Notes *(continued)*

11 Debtors

	2017 £	2016 £
Trade debtors	**1,336,037**	1,008,251
Amounts owed by group undertakings	**10,978,833**	10,285,420
Other debtors	**37,954**	1,571
Prepayments and accrued income	**37,546**	10,748
	12,390,370	11,305,990

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	**862,964**	-
Trade creditors	**395,721**	444,026
Amounts owed to group undertakings	**5,089,379**	5,283,584
Taxation and social security	**68,629**	35,714
Corporation tax	**29,512**	-
Other creditors	**-**	78,840
Accruals and deferred income	**842,312**	243,734
	7,288,517	6,085,898

13 Deferred tax

	Assets		Liabilities		Net	
	2017 £	2016 £	**2017 £**	2016 £	**2017 £**	2016 £
Tangible fixed assets	**-**	-	**(54,191)**	(44,509)	**(54,191)**	(44,509)
Provisions	**2,745**	3,412	**-**	-	**2,745**	3,412
Net tax liabilities	**2,745**	3,412	**(54,191)**	(44,509)	**(51,446)**	(41,097)

Movement in deferred tax during the year:

	1 January 2017 £	Recognised in income £	31 December 2017 £
Accelerated capital allowances	(44,509)	(9,682)	(54,191)
Provisions	3,412	(667)	2,745
Total deferred tax	**(41,097)**	**(10,349)**	**(51,446)**

Notes *(continued)*

13 Deferred tax *(continued)*

Movement in deferred tax during prior year:

	1 January 2016 £	Recognised in income £	31 December 2016 £
Accelerated capital allowances	(31,000)	(13,509)	(44,509)
Provisions	-	3,412	3,412
Tax losses carried forward	22,000	(22,000)	-
Total Deferred Tax	(9,000)	32,097	(41,097)

14 Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,000 (2016: 1,000) Ordinary shares of £1 each	**1,000**	1,000

15 Contingent liabilities

At the year-end date there were contingent liabilities totalling £40,000 *(2016: £40,000)*. This relates to deferred duty with HM Customs & Excise.

16 Pension commitments

The Company operates defined contribution schemes. The assets of the schemes are held separately from those of the Company in independently administered funds held by trustees. The pension cost charge represents contributions payable by the Company to the fund and amounted to £130,051 *(2016: £147,913)*. At 31 December 2017, contributions amounting to £nil *(2016: £nil)* were payable to the fund.

17 Operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Less than one year	**32,879**	33,907
Between two and five years	**18,248**	62,951
	51,127	96,858

18 Subsequent events

There were no subsequent events post the balance sheet date and prior to the date of signing these accounts that would have a material impact on results reported or the financial position of the Company.

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Le Carbone (Holdings) Limited.

The largest and smallest group in which the results of the Company are consolidated is that by Mersen SA incorporated in France. The consolidated financial statements of this group are available to the public and may be obtained from Tour EQHO, 2 Avenue Gambetta, CS 10077, F-92066, La Defense Cedex, France.

The ultimate controlling party is Mersen SA.