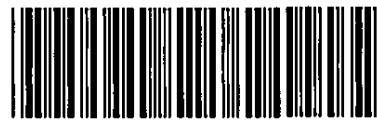


Company Registration Number SC080506

CARRON BATHROOMS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012

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CARRON BATHROOMS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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CARRON BATHROOMS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

D McMorrine
J Hewitt

Company Secretary

D McMorrine

Registered Office

Stenhouse Road
Carron
Falkirk
Stirlingshire
FK2 8UW

Auditor

Chiene + Tait
Chartered Accountants
& Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
Unit 15
Howgate Centre
Falkirk
FK1 1HG

CARRON BATHROOMS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2012.

Principal activities and business review

The principal activity of the company during the year was the design and manufacture of acrylic baths and associated bathroom products.

Trading conditions in all the company's markets remained very difficult. Demand was both weak and unpredictable. As a result, the company reduced capacity in the spring, with the loss of ten jobs. The resultant savings in direct costs, combined with a fuller recovery of raw material price increases in selling prices, enabled the company to improve gross margin to 22.7%. Overhead costs remained very tightly controlled. So, the company was able to report a profit before tax of £713,119, which is regarded as satisfactory in the circumstances.

The directors see risk management as an integral part of good governance and assess perceived risks on a regular basis. As well as strategic, financial and operational matters, these also include issues concerning health and safety and compliance with applicable legal and regulatory requirements.

Current Trading

Market conditions in the early part of 2013 have been relatively stable. Both turnover and profits in the first two months of the year have been in line with the same period in 2012.

Results and dividends

The profit for the year, before taxation, amounted to £713,119. Particulars of dividends paid are detailed in note 8 to the financial statements.

Directors

The directors who served the company during the year were as follows:

D McMorris
J Hewitt

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities

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

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

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

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

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

CARRON BATHROOMS LIMITED

THE DIRECTORS' REPORT *(continued)*

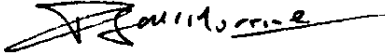
YEAR ENDED 31 DECEMBER 2012

Directors' responsibilities *(continued)*

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that ought to have been taken to ensure they are aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors



D McMorrine

Company Secretary

Approved by the directors on 25 March 2013

CARRON BATHROOMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CARRON BATHROOMS LIMITED

YEAR ENDED 31 DECEMBER 2012



We have audited the financial statements of Carron Bathrooms Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

CARRON BATHROOMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CARRON BATHROOMS LIMITED *(continued)*



YEAR ENDED 31 DECEMBER 2012

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.

KENNETH McDOWELL (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT

Chartered Accountants & Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

9 APRIL 2013

CARRON BATHROOMS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover	2	11,028,796	11,369,810
Cost of sales		<u>8,522,142</u>	<u>9,119,765</u>
Gross profit		2,506,654	2,250,045
Distribution costs		<u>1,070,934</u>	<u>1,124,577</u>
Administrative expenses		<u>722,009</u>	<u>657,376</u>
Operating profit	3	713,711	468,092
Interest receivable		<u>196</u>	<u>156</u>
Interest payable and similar charges	6	<u>(788)</u>	<u>(224)</u>
Profit on ordinary activities before taxation		713,119	468,024
Tax on profit on ordinary activities	7	<u>178,909</u>	<u>123,234</u>
Profit for the financial year		<u>534,210</u>	<u>344,790</u>

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

CARRON BATHROOMS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
Profit for the financial year attributable to the shareholders	534,210	344,790
Unrealised profit on revaluation of certain fixed assets	—	158,000
Total gains and losses recognised since the last annual report	<u>534,210</u>	<u>502,790</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2012	2011
	£	£
Reported profit on ordinary activities before taxation	713,119	468,024
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	17,665	12,449
Historical cost profit on ordinary activities before taxation	<u>730,784</u>	<u>480,473</u>
Historical cost profit for the year after taxation	<u>551,875</u>	<u>357,239</u>

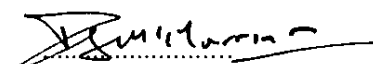
CARRON BATHROOMS LIMITED

BALANCE SHEET

31 DECEMBER 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	9		<u>2,032,005</u>	<u>2,210,363</u>
Current assets				
Stocks	10	752,754		738,197
Debtors due within one year	11	1,441,545		1,594,864
Debtors due after one year	11	2,066,532		2,316,632
Cash at bank and in hand		<u>817,382</u>		<u>210,372</u>
		5,078,213		4,860,065
Creditors: amounts falling due within one year	12	<u>2,118,245</u>		<u>2,055,185</u>
Net current assets			<u>2,959,968</u>	<u>2,804,880</u>
Total assets less current liabilities			<u>4,991,973</u>	<u>5,015,243</u>
Provisions for liabilities				
Deferred taxation	13		<u>62,033</u>	<u>119,513</u>
			<u>4,929,940</u>	<u>4,895,730</u>
Capital and reserves				
Called-up equity share capital	17		60,500	60,500
Revaluation reserve	18		688,916	706,581
Other reserves	19		30,000	30,000
Profit and loss account	20		<u>4,150,524</u>	<u>4,098,649</u>
Shareholders' funds	21		<u>4,929,940</u>	<u>4,895,730</u>

These financial statements were approved by the directors and authorised for issue on 25 March 2013, and are signed on their behalf by:


D McMorris

Company Registration Number: SC080506

CARRON BATHROOMS LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Note	£	2012 £	2011 £
Net cash inflow from operating activities	22		1,442,373	661,996
Returns on investments and servicing of finance	22		(592)	(68)
Taxation	22		(184,195)	(257,714)
Capital expenditure and financial investment	22		(137,109)	(117,014)
Equity dividends paid			(500,000)	(200,000)
Cash inflow before financing			<u>620,477</u>	<u>87,200</u>
Financing	22		(13,467)	(25,408)
Increase in cash	22		<u>607,010</u>	<u>61,792</u>

The notes on pages 10 to 18 form part of these financial statements

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Pre FRS 15 revalued fixed assets are treated as though they were historical cost, and in accordance with the Companies Act 2006 and applicable accounting standards. The principal policies are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax.

Sales are recognised on delivery of bathroom products to the customer.

Fixed assets

All fixed assets are recorded at cost, except for freehold property. Freehold property has been revalued in accordance with FRS 15 and the valuation of the property is considered on an annual basis by the directors for indications of a material change in value.

Depreciation tangible fixed assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2.5% straight line
Plant & Machinery	- 10% straight line
Motor Vehicles	- 50% straight line
Equipment	- 15%-33 1/3% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling prices less all further costs to completion and relevant marketing, selling and distribution costs.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (*continued*)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Foreign currencies

Foreign currency transactions are translated at the rate prevailing at the date of the transactions. Gains and losses on translation are taken to the profit and loss account in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

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

An analysis of turnover is given below:

	2012 £	2011 £
Manufacture and sale of baths and bathroom products	<u>11,028,796</u>	<u>11,369,810</u>

No split of turnover between geographical segments has been disclosed due to the commercial sensitivity of this information.

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

3. Operating profit

Operating profit is stated after charging/(crediting):

	2012 £	2011 £
Depreciation of owned fixed assets	315,467	293,529
Loss on disposal of fixed assets	-	16,366
Auditor's remuneration		
- as auditor	15,200	14,650
- for other services	6,127	5,501
Operating lease costs:		
- Plant and equipment	3,680	7,475
- Other	43,810	47,094
Net profit on foreign currency translation	(256)	(31,810)

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2012 No	2011 No
Number of production staff	93	102
Number of administration and management	19	21
	<u>112</u>	<u>123</u>

The aggregate payroll costs of the above were:

	2012 £	2011 £
Wages and salaries	2,830,957	2,954,886
Social security costs	251,571	281,828
Other pension costs	48,541	48,997
	<u>3,131,069</u>	<u>3,285,711</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2012 £	2011 £
Remuneration receivable	295,506	288,752
Value of company pension contributions to money purchase schemes	30,000	30,000
	<u>325,506</u>	<u>318,752</u>

Remuneration of highest paid director:

	2012 £	2011 £
Total remuneration (excluding pension contributions)	158,721	152,511
Value of company pension contributions to money purchase schemes	30,000	30,000
	<u>188,721</u>	<u>182,511</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

5. Directors' remuneration (continued)

The number of directors who accrued benefits under company pension schemes was as follows:

	2012 No	2011 No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Interest payable and similar charges

	2012 £	2011 £
Interest payable on bank borrowing	658	224
Other similar charges payable	<u>130</u>	<u>-</u>
	<u>788</u>	<u>224</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	236,389	160,195
Group relief	-	275
Total current tax	<u>236,389</u>	<u>160,470</u>
Deferred tax:		
Origination and reversal of timing differences	(57,480)	(37,236)
Tax on profit on ordinary activities	<u>178,909</u>	<u>123,234</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%).

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>713,119</u>	<u>468,024</u>
Profit on ordinary activities by rate of tax	174,719	123,994
Expenses not deductible for tax purposes	16,942	9,320
Depreciation for period in excess of capital allowances	36,974	28,070
Other timing differences	<u>7,754</u>	<u>(914)</u>
Total current tax (note 7(a))	<u>236,389</u>	<u>160,470</u>

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax of £nil (2011: £6,560) arising on the revaluation of freehold property. This amount would become payable in the event of the property being sold, but there are no plans to sell in the foreseeable future.

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

8. Dividends
Equity dividends

	2012 £	2011 £
Paid during the year:		
Equity dividends on ordinary shares	<u>500,000</u>	<u>200,000</u>

9. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
Cost or valuation					
At 1 January 2012	1,350,000	3,480,548	13,752	186,849	5,031,149
Additions	—	95,145	—	41,964	137,109
Disposals	—	—	—	(55,237)	(55,237)
At 31 December 2012	<u>1,350,000</u>	<u>3,575,693</u>	<u>13,752</u>	<u>173,576</u>	<u>5,113,021</u>
Depreciation					
At 1 January 2012	—	2,644,109	13,752	162,925	2,820,786
Charge for the year	34,000	244,594	—	36,873	315,467
On disposals	—	—	—	(55,237)	(55,237)
At 31 December 2012	<u>34,000</u>	<u>2,888,703</u>	<u>13,752</u>	<u>144,561</u>	<u>3,081,016</u>
Net book value					
At 31 December 2012	<u>1,316,000</u>	<u>686,990</u>	<u>—</u>	<u>29,015</u>	<u>2,032,005</u>
At 31 December 2011	<u>1,350,000</u>	<u>836,439</u>	<u>—</u>	<u>23,924</u>	<u>2,210,363</u>

The property was valued at £1.35 million on a market value basis in accordance with the RICS valuation standards by Graham & Sibbald, Chartered Surveyors on 1 December 2011. The directors are of the opinion that this valuation, as adjusted for depreciation, is not materially different from an existing use valuation of the property.

Certain fixed assets within plant and machinery were professionally revalued on a going concern basis by Shirlaw Allan & Company Limited, Auctioneers and Valuers on 20 March 1986.

10. Stocks

	2012 £	2011 £
Raw materials	433,753	466,599
Work in progress	16,557	17,467
Finished goods	302,444	254,131
	<u>752,754</u>	<u>738,197</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

11. Debtors

	2012	2011
	£	£
Trade debtors	1,386,869	1,512,858
Amounts owed by group undertakings	2,066,532	2,316,632
Other debtors	54,676	82,006
	<u>3,508,077</u>	<u>3,911,496</u>

The debtors above include the following amounts falling due after more than one year:

	2012	2011
	£	£
Amounts owed by group undertakings	<u>2,066,532</u>	<u>2,316,632</u>

12. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,414,188	1,470,800
Corporation tax	146,389	94,195
Other taxation and social security	374,743	330,552
Carbon Trust Loan due within 1 year	–	13,467
Accruals and deferred income	182,925	146,171
	<u>2,118,245</u>	<u>2,055,185</u>

13. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2012	2011
	£	£
Provision brought forward	119,513	156,749
Profit and loss account movement arising during the year	(57,480)	(37,236)
Provision carried forward	<u>62,033</u>	<u>119,513</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2012	2011
	£	£
Excess of taxation allowances over depreciation on fixed assets	54,251	119,513
Provision for deferred tax; short term timing differences	7,782	–
	<u>62,033</u>	<u>119,513</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

14. Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than Land and buildings	
	2012	2011
	£	£
Operating leases which expire:		
Within 1 year	2,728	11,380
Within 2 to 5 years	81,470	60,213
	<u>84,198</u>	<u>71,593</u>

15. Contingencies and commitments

A financial guarantee for £10,000 in favour of H M Customs & Excise is in place.

16. Related party transactions

The company has elected to take advantage of the exemption granted in Financial Standard 8 "Related Party Disclosures" available to 100% owned subsidiaries and has not disclosed transactions with other group companies.

17. Share capital

Authorised share capital:

	2012	2011
	£	£
68,807 Ordinary A shares of £1 each	68,807	68,807
11,093 Ordinary B shares of £1 each	11,093	11,093
	<u>79,900</u>	<u>79,900</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
49,407 Ordinary A shares of £1 each	49,407	49,407	49,407	49,407
11,093 Ordinary B shares of £1 each	11,093	11,093	11,093	11,093
	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>

The 'A' and 'B' shares rank equally in all aspects except that the 'A' shares are voting shares and the 'B' shares are non voting.

18. Revaluation reserve

	2012	2011
	£	£
Balance brought forward	706,581	561,030
Revaluation of fixed assets	-	158,000
Transfer to the Profit and Loss Account on realisation	(17,665)	(12,449)
Balance carried forward	<u>688,916</u>	<u>706,581</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

19. Other reserves

	2012	2011
	£	£
Capital redemption reserve	<u>30,000</u>	<u>30,000</u>

20. Profit and loss account

	2012	2011
	£	£
Balance brought forward	4,098,649	3,941,410
Profit for the financial year	534,210	344,790
Equity dividends	(500,000)	(200,000)
Transfer from revaluation reserve	17,665	12,449
Balance carried forward	<u>4,150,524</u>	<u>4,098,649</u>

21. Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	534,210	344,790
Other net recognised gains and losses	–	158,000
Equity dividends	(500,000)	(200,000)
Transfer from revaluation reserve	17,665	12,449
Transfer to profit and loss account	(17,665)	(12,449)
Net addition to shareholders' funds	34,210	302,790
Opening shareholders' funds	4,895,730	4,592,940
Closing shareholders' funds	<u>4,929,940</u>	<u>4,895,730</u>

22. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit	713,711	468,092
Depreciation	315,467	293,529
Loss on disposal of fixed assets	–	16,366
(Increase)/decrease in stocks	(14,557)	73,266
Decrease/(increase) in debtors	403,419	(165,086)
Increase/(decrease) in creditors	24,333	(24,171)
Net cash inflow from operating activities	<u>1,442,373</u>	<u>661,996</u>

Returns on investments and servicing of finance

	2012	2011
	£	£
Interest received	196	156
Interest paid	(788)	(224)
Net cash outflow from returns on investments and servicing of finance	<u>(592)</u>	<u>(68)</u>

Taxation

	2012	2011
	£	£
Taxation	<u>(184,195)</u>	<u>(257,714)</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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22. Notes to the cash flow statement (*continued*)

Capital expenditure

	2012 £	2011 £
Payments to acquire tangible fixed assets	(137,109)	(117,014)
Net cash outflow from capital expenditure	<u>(137,109)</u>	<u>(117,014)</u>

Financing

	2012 £	2011 £
Net outflow from other short-term creditors	(13,467)	(11,941)
Net outflow from other long-term creditors	—	(13,467)
Net cash outflow from financing	<u>(13,467)</u>	<u>(25,408)</u>

Reconciliation of net cash flow to movement in net funds

	£	2012 £	2011 £
Increase in cash in the period	607,010		61,792
Net outflow from other short-term creditors	13,467		11,941
Net cash outflow from other long-term creditors	—		13,467
		<u>620,477</u>	<u>87,200</u>
Change in net funds		620,477	87,200
Net funds at 1 January 2012		<u>196,905</u>	<u>109,705</u>
Net funds at 31 December 2012		<u>817,382</u>	<u>196,905</u>

Analysis of changes in net funds

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash:			
Cash in hand and at bank	<u>210,372</u>	<u>607,010</u>	<u>817,382</u>
Debt:			
Debt due within 1 year	<u>(13,467)</u>	<u>13,467</u>	<u>—</u>
Net funds	<u>196,905</u>	<u>620,477</u>	<u>817,382</u>

23. Ultimate parent company and ultimate controlling party

The entire issued share capital of the company is owned by Carron Holdings Limited, a company registered in Scotland. Copies of the financial statements are available from Companies House in Edinburgh. For the whole of the year the company's ultimate controlling parties were its directors D McMorris and J Hewitt.