

CARRON BATHROOMS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014

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CARRON BATHROOMS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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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 LLP
Chartered Accountants
& Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
Unit 15
Howgate Centre
Falkirk
FK1 1HG

CARRON BATHROOMS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The directors' present their strategic report for Carron Bathrooms Limited for the year ended 31 December 2014.

Review and analysis of the business during the current year, including key performance indicators.

Trading conditions in the bathroom industry in all of the company's markets remained challenging. Whilst an economic recovery is clearly under way, consumer confidence remains fragile and growth in the sector is weak and unpredictable. In the circumstances, the company is pleased to report an increase in sales to £11.446 million, up 1.9% compared to 2013.

During the year the company made further significant investments in plant and equipment which enabled the company to become more productive. Labour and material costs remained tightly controlled. So, the company was able to increase gross margin to 24.9% (last year 24.2%). As overhead costs were reduced, the company's profit after tax increased to £887,756. The directors consider this result to be satisfactory.

Financial position at the reporting date

During the year the company paid exceptional dividends totalling £2,466,672 to its parent company, Carron Holdings Limited. By so doing, the company's indebtedness to the parent company was eliminated. As a result, the balance sheet shows that the net assets of the company reduced from £5.044 million to £3.465 million.

The company had cash on deposit at the year-end of £1.057 million and no external borrowings.

Current Trading

Market conditions during the early part of 2015 have remained much as they were during 2014. Both turnover and profit in the first two months of the year have been very similar to the same period in 2014.

Principal risks and uncertainties facing the business

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.

Signed on behalf of the directors

D McMorine



Company Secretary

Approved by the directors on 30/03/..... 2015

CARRON BATHROOMS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

Results and dividends

The profit for the year, after taxation, amounted to £887,756. 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 McMorine
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 Strategic Report, 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 these 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.

Strategic report

Information relating to the business review and the principal risks and uncertainties facing the business is contained within the Strategic Report on page 2.

CARRON BATHROOMS LIMITED

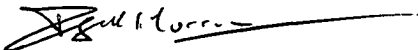
DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all 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.

Signed on behalf of the directors



D McMorine

Company Secretary

Approved by the directors on 30/03/..... 2015



We have audited the financial statements of Carron Bathrooms Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, 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 page 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 2014



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 CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT LLP

Chartered Accountants & Statutory Auditor

A handwritten signature in black ink, appearing to read 'Kenneth McDowell', followed by a horizontal line.

61 Dublin Street

Edinburgh

EH3 6NL

31 March 2015

CARRON BATHROOMS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Turnover	2	11,446,537	11,236,510
Cost of sales		<u>8,594,023</u>	<u>8,512,961</u>
Gross profit		2,852,514	2,723,549
Distribution costs		<u>1,091,874</u>	1,102,947
Administrative expenses		<u>627,004</u>	686,617
Operating profit	3	1,133,636	933,985
Interest receivable and similar income		<u>555</u>	475
Interest payable and similar charges	6	<u>(13)</u>	(229)
Profit on ordinary activities before taxation		1,134,178	934,231
Tax on profit on ordinary activities	7	<u>246,422</u>	220,665
Profit for the financial year		<u>887,756</u>	<u>713,566</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

CARRON BATHROOMS LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£	£
Reported profit on ordinary activities before taxation	1,134,178	934,231
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	17,665	17,665
Historical cost profit on ordinary activities before taxation	<u>1,151,843</u>	<u>951,896</u>
Historical cost profit for the year after taxation	<u>905,421</u>	<u>731,231</u>

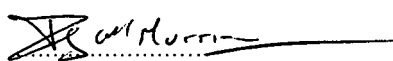
CARRON BATHROOMS LIMITED

BALANCE SHEET

31 DECEMBER 2014

	Note	£	2014 £	2013 £
Fixed assets				
Tangible assets	9		<u>2,312,398</u>	<u>2,079,647</u>
Current assets				
Stocks	10	1,064,344		863,540
Debtors due within one year	11	1,282,097		1,499,342
Debtors due after one year	11	—		1,866,672
Cash at bank and in hand		<u>1,057,323</u>		<u>814,134</u>
		<u>3,403,764</u>		<u>5,043,688</u>
Creditors: amounts falling due within one year	12	<u>2,135,929</u>		<u>2,017,964</u>
Net current assets			<u>1,267,835</u>	<u>3,025,724</u>
Total assets less current liabilities			<u>3,580,233</u>	<u>5,105,371</u>
Provisions for liabilities				
Deferred taxation	13		<u>115,643</u>	<u>61,865</u>
			<u>3,464,590</u>	<u>5,043,506</u>
Capital and reserves				
Called-up equity share capital	17		60,500	60,500
Revaluation reserve	18		653,586	671,251
Other reserves	19		30,000	30,000
Profit and loss account	20		<u>2,720,504</u>	<u>4,281,755</u>
Shareholders' funds	21		<u>3,464,590</u>	<u>5,043,506</u>

These financial statements were approved by the directors and authorised for issue on 30/03/2015, and are signed on their behalf by:


D McMorrine

Company Registration Number: SC080506

CARRON BATHROOMS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2014

	Note	£	2014 £	2013 £
Net cash inflow from operating activities	22		3,412,431	1,287,274
Returns on investments and servicing of finance	22		542	246
Taxation	22		(221,548)	(306,393)
Capital expenditure and financial investment	22		(481,564)	(384,375)
Equity dividends paid			(2,466,672)	(600,000)
Increase/(decrease) in cash	22		<u>243,189</u>	<u>(3,248)</u>

CARRON BATHROOMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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	- 33 1/3% 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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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.

CARRON BATHROOMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (*continued*)

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 which is the manufacture and sale of baths and bathroom products. No split of turnover between geographical segments has been disclosed due to the commercial sensitivity of this information.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of owned fixed assets	248,813	337,733
Profit on disposal of fixed assets	–	(1,000)
Auditor's remuneration		
- as auditor	14,700	14,500
- for other services	5,234	7,920
Operating lease costs:		
- Plant and equipment	5,210	5,237
- Other	44,030	48,473
Net (profit)/loss on foreign currency translation	(15,139)	8,771

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

4. Particulars of employees

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

	2014	2013
	No	No
Number of production staff	87	85
Number of administration and management	18	18
	<u>105</u>	<u>103</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,811,222	2,736,916
Social security costs	269,384	245,276
Other pension costs	111,166	72,889
	<u>3,191,772</u>	<u>3,055,081</u>

5. Directors' remuneration

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

	2014	2013
	£	£
Remuneration receivable	311,909	264,462
Value of company pension contributions to money purchase schemes	80,000	50,000
	<u>391,909</u>	<u>314,462</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Total remuneration (excluding pension contributions)	157,008	124,971
Value of company pension contributions to money purchase schemes	80,000	50,000
	<u>237,008</u>	<u>174,971</u>

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

	2014	2013
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	<u>13</u>	<u>229</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

7. Taxation on ordinary activities
(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	191,925	220,833
Over/under provision in prior year	719	-
Total current tax	<u>192,644</u>	<u>220,833</u>
Deferred tax:		
Origination and reversal of timing differences	53,778	(168)
Tax on profit on ordinary activities	<u>246,422</u>	<u>220,665</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>1,134,178</u>	<u>934,231</u>
Profit on ordinary activities by rate of tax	243,735	217,172
Expenses not deductible for tax purposes	1,178	1,659
Capital allowances for period in excess of depreciation	(54,145)	1,502
Adjustments in respect of previous periods	719	(32)
Other timing differences	1,157	532
Total current tax (note 7(a))	<u>192,644</u>	<u>220,833</u>

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax of £nil (2013: £nil) 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.

8. Dividends
Equity dividends

	2014 £	2013 £
Paid during the year:		
Equity dividends on ordinary shares	<u>2,466,672</u>	<u>600,000</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

9. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
Cost or valuation					
At 1 January 2014	1,350,000	3,937,486	25,185	177,225	5,489,896
Additions	–	430,354	19,200	32,010	481,564
At 31 December 2014	1,350,000	4,367,840	44,385	209,235	5,971,460
Depreciation					
At 1 January 2014	68,000	3,169,459	11,985	160,805	3,410,249
Charge for the year	34,000	181,201	13,000	20,612	248,813
At 31 December 2014	102,000	3,350,660	24,985	181,417	3,659,062
Net book value					
At 31 December 2014	1,248,000	1,017,180	19,400	27,818	2,312,398
At 31 December 2013	1,282,000	768,027	13,200	16,420	2,079,647

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. The directors are mindful of the interim valuation requirements of FRS 15, however, based on the aforementioned value estimates, are satisfied that the net book value for freehold property is fairly stated on the existing use valuation basis at 31 December 2014.

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 and are carried at deemed cost under FRS 15.

The historic cost of freehold property is £738,111.

10. Stocks

	2014 £	2013 £
Raw materials	625,495	598,715
Work in progress	24,535	20,375
Finished goods	414,314	244,450
	1,064,344	863,540

11. Debtors

	2014 £	2013 £
Trade debtors	1,217,794	1,446,013
Amounts owed by group undertakings	–	1,866,672
Other debtors	64,303	53,329
	1,282,097	3,366,014

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

	2014 £	2013 £
Amounts owed by group undertakings	–	1,866,672

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

12. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	1,347,485	1,403,828
Amounts owed to group undertakings	200,000	—
Corporation tax	31,925	60,829
Other taxation and social security	388,042	348,519
Accruals and deferred income	168,477	204,788
	<u>2,135,929</u>	<u>2,017,964</u>

13. Deferred taxation

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

	2014	2013
	£	£
Provision brought forward	61,865	62,033
Profit and loss account movement arising during the year	53,778	(168)
Provision carried forward	<u>115,643</u>	<u>61,865</u>

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

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	110,883	55,736
Provision deferred tax; short term timing differences	4,760	6,129
	<u>115,643</u>	<u>61,865</u>

14. Commitments under operating leases

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings	Other Items	Land and buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	21,296	-	35,612
Within 2 to 5 years	30,000	51,193	-	51,806
	<u>30,000</u>	<u>72,489</u>	<u>-</u>	<u>87,418</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.

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

17. Share capital

Authorised share capital:

	2014 £	2013 £
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:

	2014 No	£	2013 No	£
Ordinary A shares of £1 each	49,407	49,407	49,407	49,407
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

	2014 £	2013 £
Balance brought forward	671,251	688,916
Transfer to the Profit and Loss Account on realisation	(17,665)	(17,665)
Balance carried forward	<u>653,586</u>	<u>671,251</u>

19. Other reserves

	2014 £	2013 £
Capital redemption reserve	<u>30,000</u>	<u>30,000</u>

20. Profit and loss account

	2014 £	2013 £
Balance brought forward	4,281,755	4,150,524
Profit for the financial year	887,756	713,566
Equity dividends	(2,466,672)	(600,000)
Transfer from revaluation reserve	17,665	17,665
Balance carried forward	<u>2,720,504</u>	<u>4,281,755</u>

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

21. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	887,756	713,566
Equity dividends	(2,466,672)	(600,000)
Transfer from revaluation reserve	17,665	17,665
Transfer to profit and loss account	(17,665)	(17,665)
Net (reduction)/addition to shareholders' funds	(1,578,916)	113,566
Opening shareholders' funds	5,043,506	4,929,940
Closing shareholders' funds	3,464,590	5,043,506

22. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£	£
Operating profit	1,133,636	933,985
Depreciation	248,813	337,733
Profit on disposal of fixed assets	—	(1,000)
Increase in stocks	(200,804)	(110,786)
Decrease in debtors	2,083,917	142,063
Increase/(decrease) in creditors	146,869	(14,721)
Net cash inflow from operating activities	3,412,431	1,287,274

Returns on investments and servicing of finance

	2014	2013
	£	£
Interest received	555	475
Interest paid	(13)	(229)
Net cash inflow from returns on investments and servicing of finance	542	246

Taxation

	2014	2013
	£	£
Taxation	(221,548)	(306,393)

Capital expenditure

	2014	2013
	£	£
Payments to acquire tangible fixed assets	(481,564)	(385,375)
Receipts from sale of fixed assets	—	1,000
Net cash outflow from capital expenditure	(481,564)	(384,375)

CARRON BATHROOMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

22. Notes to the cash flow statement (*continued*)

Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase/(Decrease) in cash in the period	<u>243,189</u>	(3,248)
Movement in net funds in the period	<u>243,189</u>	(3,248)
Net funds at 1 January 2014	<u>814,134</u>	817,382
Net funds at 31 December 2014	<u><u>1,057,323</u></u>	<u><u>814,134</u></u>

Analysis of changes in net funds

	At 1 Jan 2014 £	Cash flows £	At 31 Dec 2014 £
Net cash:			
Cash in hand and at bank	<u>814,134</u>	<u>243,189</u>	<u>1,057,323</u>
Net funds	<u><u>814,134</u></u>	<u><u>243,189</u></u>	<u><u>1,057,323</u></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 McMorrine and J Hewitt.