

Carron Bathrooms Limited
Financial Statements
For the year ended
31 December 2015



Carron Bathrooms Limited

Financial Statements

Year ended 31 December 2015

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors report	3
Independent auditor's report to the shareholders	5
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

Carron Bathrooms Limited

Financial Statements

Year ended 31 December 2015

Officers and Professional Advisers

The Board of Directors

D McMorrine
J Hewitt

Company Secretary

D McMorrine

Registered Office

North Carron Works
Stenhouse Road
Carron
Falkirk
Stirlingshire
FK2 8UW

Auditor

Chiene + Tait LLP
Chartered accountant & 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 2015

The directors' present their strategic report for Carron Bathrooms Limited for the year ended 31 December 2015.

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

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

Development and financial performance during the year

Trading conditions in the bathroom industry in all of the company's markets improved perceptibly. The economic recovery, which was noted one year ago, continued in most of the company's key markets. Investments made in new product development and in plant and equipment in earlier years enabled the company to take advantage of improved conditions. Sales increased to £12.109 million, up 5.8% compared to 2014.

During the year the company continued to make investments in plant and equipment to improve productivity and cost-competitiveness. Labour and material costs remained tightly controlled, as were overhead costs. So, with an increase in gross margin (up to 26.6% versus 24.9% last year), the company's profit after tax rose to £1.081 million, compared with £887,756 in 2014. The directors consider this result to be satisfactory.

Financial position at the reporting date

During the year the company also paid dividends totalling £1,000,000 to its parent company, Carron Holdings Limited. As a result, the balance sheet shows that the net assets of the company increased from £3.465 million to £3.545 million. The company had cash on deposit at the year-end of £1.257 million and no external borrowings.

The company had positive cash flow of £200,290 during the year and had cash on hand of £1.257 million at the year end.

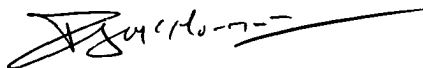
Current Trading

Market conditions during the early part of 2016 have remained much as they were during 2015. Both turnover and profit in the three months of the year have been slightly better than the same period in 2015.

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.

This report was approved by the board of directors on 13.14 / 2016 and signed on behalf of the board by:



D McMorine
Director

Carron Bathrooms Limited

Directors Report

Year ended 31 December 2015

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

Directors

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

D McMorine
J Hewitt

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Future developments

The prospects for the company are closely tied to the strength of the economies in the company's key markets, specifically the United Kingdom. Should the economic growth seen in recent years continue, the company would expect to sustain current levels of profitability and cash generation. Should economic conditions deteriorate, the company has contingency plans to reduce costs appropriately.

Financial instruments

The company's principal financial instruments comprise trade debtors and creditors and arising directly from its operations. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Disclosure of information in the 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.

Directors' responsibilities statement

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 the profit or loss of the company for that period.

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

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

Directors Report *(continued)*

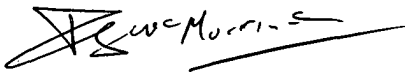
Year ended 31 December 2015

Auditor

Each of the persons who is a director at the date of approval of this 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 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.

This report was approved by the board of directors on ...13/4/..... 2016 and signed on behalf of the board by:



D McMorris
Director

Carron Bathrooms Limited

Independent Auditor's Report to the Shareholders of Carron Bathrooms Limited

Year ended 31 December 2015

We have audited the financial statements of Carron Bathrooms Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 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 2015

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.



JEREMY HARPER CA (Senior Statutory Auditor)

For and on behalf of
Chiene + Tait LLP
Chartered accountant & statutory auditor
61 Dublin Street
Edinburgh
EH3 6NL

13 April 2016

Carron Bathrooms Limited
Statement of Comprehensive Income
Year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	12,108,870	11,446,537
Cost of sales		<u>8,886,927</u>	<u>8,594,023</u>
Gross profit		3,221,943	2,852,514
Distribution costs		<u>1,191,751</u>	<u>1,091,874</u>
Administrative expenses		<u>681,358</u>	<u>627,004</u>
Operating profit	4	1,348,834	1,133,636
Other interest receivable and similar income		<u>381</u>	<u>555</u>
Interest payable and similar charges	8	<u>3</u>	<u>13</u>
Profit on ordinary activities before taxation		1,349,212	1,134,178
Tax on profit on ordinary activities	9	<u>268,277</u>	<u>246,422</u>
Profit for the financial year and total comprehensive income		<u>1,080,935</u>	<u>887,756</u>

All the activities of the company are from continuing operations.

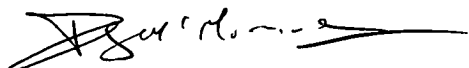
Carron Bathrooms Limited

Statement of Financial Position

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	11	2,342,655	2,312,398
Current assets			
Stocks	12	959,725	1,064,344
Debtors	13	1,489,227	1,282,097
Cash at bank and in hand		1,257,613	1,057,323
		<u>3,706,565</u>	<u>3,403,764</u>
Creditors: amounts falling due within one year	14	<u>2,375,439</u>	<u>2,135,929</u>
Net current assets		<u>1,331,126</u>	<u>1,267,835</u>
Total assets less current liabilities		<u>3,673,781</u>	<u>3,580,233</u>
Provisions			
Taxation including deferred tax	16	128,256	115,643
Net assets		<u>3,545,525</u>	<u>3,464,590</u>
Capital and reserves			
Called up share capital	19	60,500	60,500
Revaluation reserve	20	635,921	653,586
Capital redemption reserve	20	30,000	30,000
Profit and loss account	20	2,819,104	2,720,504
Shareholders funds		<u>3,545,525</u>	<u>3,464,590</u>

These financial statements were approved by the board of directors and authorised for issue on 13.1.16/2016, and are signed on behalf of the board by:



D McMorrine
Director

Company registration number: SC080506

Carron Bathrooms Limited
Statement of Changes in Equity
Year ended 31 December 2015

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2014		60,500	671,251	30,000	4,281,755	5,043,506
Profit for the year		-	-	-	887,756	887,756
Other comprehensive income for the year:						
Reclassification from revaluation reserve to profit and loss account		-	(17,665)	-	17,665	-
Total comprehensive income for the year		-	(17,665)	-	905,421	887,756
Dividends paid and payable	10	-	-	-	(2,466,672)	(2,466,672)
Total investments by and distributions to owners		-	-	-	(2,466,672)	(2,466,672)
At 31 December 2014		60,500	653,586	30,000	2,720,504	3,464,590
Profit for the year		-	-	-	1,080,935	1,080,935
Other comprehensive income for the year:						
Reclassification from revaluation reserve to profit and loss account		-	(17,665)	-	17,665	-
Total comprehensive income for the year		-	(17,665)	-	1,098,600	1,080,935
Dividends paid and payable	10	-	-	-	(1,000,000)	(1,000,000)
Total investments by and distributions to owners		-	-	-	(1,000,000)	(1,000,000)
At 31 December 2015		<u>60,500</u>	<u>635,921</u>	<u>30,000</u>	<u>2,819,104</u>	<u>3,545,525</u>

Carron Bathrooms Limited

Statement of Cash Flows

Year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	1,080,935	887,756
<i>Adjustments for:</i>		
Depreciation of tangible assets	266,254	248,813
Other interest receivable and similar income	(381)	(555)
Interest payable and similar charges	3	13
Tax on profit on ordinary activities	268,277	246,422
Accrued (income)/expenses	63,966	(36,311)
<i>Changes in:</i>		
Stocks	104,619	(200,804)
Trade and other debtors	(207,130)	2,083,917
Trade and other creditors	(68,408)	(16,820)
Cash generated from operations	1,508,135	3,212,431
Interest paid	(3)	(13)
Tax paid	(211,712)	(221,548)
Net cash from operating activities	1,296,420	2,990,870
Cash flows from investing activities		
Purchase of tangible assets	(296,511)	(481,564)
Interest received	381	555
Net cash used in investing activities	(296,130)	(481,009)
Cash flows from financing activities		
Proceeds from loans from group undertakings	200,000	200,000
Dividends paid	(1,000,000)	(2,466,672)
Net cash used in financing activities	(800,000)	(2,266,672)
Net increase in cash and cash equivalents	200,290	243,189
Cash and cash equivalents at beginning of year	1,057,323	814,134
Cash and cash equivalents at end of year	1,257,613	1,057,323

Carron Bathrooms Limited
Notes to the Financial Statements
Year ended 31 December 2015

1. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

2. Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention.

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.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 25.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Useful Economic Lives of Tangible Assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment, and note 2 for the useful economic lives for each class of asset.

Stock Provisioning

The company designs, manufactures, and sells baths and is subject to changing consumer demand. As a result it is necessary to consider the recoverability of the cost of stock and associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the stock.

Impairment of Debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors.

Revenue recognition

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.

Income tax

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 provided on timing differences arising from the revaluation of fixed assets. 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Tangible assets

Tangible assets are stated at cost (or deemed cost), and subsequently stated at cost less any accumulated depreciation and impairment losses.

The company previously adopted a policy of revaluing freehold property and it was stated at its revalued amount less any subsequent depreciation. The company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its 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% 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.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

General information

The company is incorporated in Scotland and domiciled in the UK. The address of the registered office is North Carron Works, Stenhouse Road, Carron, Falkirk, Stirlingshire, FK2 8UW. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

3. 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.

4. Operating profit

Operating profit or loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible assets	266,254	248,813
Foreign exchange differences	6,538	(15,139)
Defined contribution plans expense	83,006	111,166
Operating lease rentals	<u>118,177</u>	<u>108,432</u>

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

5. Auditor's remuneration

	2015 £	2014 £
Fees payable for the audit of the financial statements	<u>14,900</u>	<u>14,700</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	5,378	5,234
Taxation advisory services	<u>4,462</u>	<u>–</u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2015 No	2014 No
Production staff	91	87
Administrative staff	19	18
	<u>110</u>	<u>105</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015 £	2014 £
Wages and salaries	3,026,762	2,811,222
Social security costs	287,702	269,384
Other pension costs	83,006	111,166
	<u>3,397,470</u>	<u>3,191,772</u>

7. Directors' remuneration

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

	2015 £	2014 £
Remuneration	333,962	311,909
Company contributions to defined contribution pension plans	<u>40,000</u>	<u>80,000</u>
	<u>373,962</u>	<u>391,909</u>

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

	2015 No	2014 No
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2015 £	2014 £
Aggregate remuneration	177,812	157,008
Company contributions to defined contribution pension plans	<u>40,000</u>	<u>80,000</u>
	<u>217,812</u>	<u>237,008</u>

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

7. Directors' remuneration *(continued)*

The key management personnel are considered to be the directors of the company and therefore the aggregate of key management compensation includes amounts as detailed above, plus social security costs of £35,711 (2014 - £23,064).

8. Interest payable and similar charges

	2015 £	2014 £
Interest on banks loans and overdrafts.	<u>3</u>	<u>13</u>

9. Tax on profit on ordinary activities

Major components of tax expense

	2015 £	2014 £
Current tax:		
UK current tax expense	255,547	191,925
Adjustments in respect of prior periods	117	719
Total current tax	<u>255,664</u>	<u>192,644</u>
Deferred tax:		
Origination and reversal of timing differences	24,177	53,778
Impact of change in tax rate	(11,564)	—
Total deferred tax	<u>12,613</u>	<u>53,778</u>
Tax on profit on ordinary activities	<u>268,277</u>	<u>246,422</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>1,349,212</u>	<u>1,134,178</u>
Profit on ordinary activities by rate of tax	273,169	243,735
Adjustment to tax charge in respect of prior periods	(259)	1,157
Effect of expenses not deductible for tax purposes	2,190	1,178
Effect of capital allowances and depreciation	7,642	(54,145)
Utilisation of tax losses	117	719
Origination and reversal of timing differences - deferred tax	—	53,778
Effect on opening deferred taxes of change in tax rate	(14,582)	—
Tax on profit on ordinary activities	<u>268,277</u>	<u>246,422</u>

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

9. Tax on profit on ordinary activities *(continued)* (c) Factors that may affect future tax expense

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. A further reduction from 20% to 19% was enacted in November 2015 and will take effect from 1 April 2017. A further reduction from 19% to 18% was also enacted in November 2015 and will take effect from 1 April 2020.

Under FRS 102, the accounts recognise deferred tax of £nil (2014: £Nil) arising on the revaluation of investment 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.

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015 £	2014 £
Equity dividends on ordinary shares	<u>1,000,000</u>	<u>2,466,672</u>

11. Tangible assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 Jan 2015	1,350,000	4,367,840	44,385	209,235	5,971,460
Additions	–	242,157	47,317	7,037	296,511
Disposals	–	–	(5,252)	–	(5,252)
At 31 Dec 2015	<u>1,350,000</u>	<u>4,609,997</u>	<u>86,450</u>	<u>216,272</u>	<u>6,262,719</u>
Depreciation					
At 1 Jan 2015	102,000	3,350,660	24,985	181,417	3,659,062
Charge for the year	34,000	194,556	28,717	8,981	266,254
Disposals	–	–	(5,252)	–	(5,252)
At 31 Dec 2015	<u>136,000</u>	<u>3,545,216</u>	<u>48,450</u>	<u>190,398</u>	<u>3,920,064</u>
Carrying amount					
At 31 Dec 2015	<u>1,214,000</u>	<u>1,064,781</u>	<u>38,000</u>	<u>25,874</u>	<u>2,342,655</u>
At 31 Dec 2014	<u>1,248,000</u>	<u>1,017,180</u>	<u>19,400</u>	<u>27,818</u>	<u>2,312,398</u>

The company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for the freehold property and certain items within plant and machinery. The property and plant and machinery items are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation to retained earnings.

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 have taken advantage of the exemption in FRS 102 which permits this valuation to be treated as deemed cost.

The depreciated historic cost of freehold property is £653,957.

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

12. Stocks

	2015 £	2014 £
Raw materials and consumables	593,574	625,495
Work in progress	11,139	24,535
Finished goods and goods for resale	355,012	414,314
	<u>959,725</u>	<u>1,064,344</u>

13. Debtors

	2015 £	2014 £
Trade debtors	1,373,654	1,217,794
Prepayments and accrued income	115,573	64,303
	<u>1,489,227</u>	<u>1,282,097</u>

14. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,190,256	1,347,485
Amounts owed to group undertakings	400,000	200,000
Accruals and deferred income	232,443	168,477
Corporation tax	75,877	31,925
Social security and other taxes	476,863	388,042
	<u>2,375,439</u>	<u>2,135,929</u>

Heritable property of the company is subject to a standard security, and the assets of the company subject to a bond and floating charge, both in favour of the Bank of Scotland. No amounts are due by the company to the Bank as at the year end.

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2015 £	2014 £
Included in provisions (note 16)	<u>128,256</u>	<u>115,643</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Accelerated capital allowances	124,202	110,883
Deferred tax - other short term timing differences	4,054	4,760
	<u>128,256</u>	<u>115,643</u>

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

16. Provisions

	Deferred tax (note 15) £
At 1 January 2015	115,643
Additions	12,613
At 31 December 2015	<u>128,256</u>

17. Employee benefits Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £83,006 (2014: £111,166).

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,373,654</u>	<u>1,217,794</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,590,256)</u>	<u>(1,547,485)</u>

19. Called up share capital Authorised share capital

	2015		2014	
	No	£	No	£
Ordinary A shares of £1 each	68,807	68,807	68,807	68,807
Ordinary B shares of £1 each	11,093	11,093	11,093	11,093
	<u>79,900</u>	<u>79,900</u>	<u>79,900</u>	<u>79,900</u>

Issued, called up and fully paid

	2015		2014	
	No	£	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.

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

20. Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Revaluation reserve - represents the increase in value of assets that have been revalued.

Capital redemption reserve - represents funds set aside to maintain the level of share capital after a redemption of share capital.

Profit and loss account - includes all current and prior period retained profits and losses.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 £	2014 £
Not later than 1 year	106,299	102,490
Later than 1 year and not later than 5 years	226,608	194,478
	<u>332,907</u>	<u>296,968</u>

22. Contingencies

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

23. Related party transactions

The company has elected to take advantage of the exemption granted under Section 33 Related Party Disclosures of FRS 102 available to wholly owned subsidiaries and has not disclosed transactions with other group companies.

The key management personnel are considered to be the directors of the company and therefore the aggregate of key management compensation is detailed in note 7.

24. Controlling party

The entire issued share capital of the company is owned by Carron Holdings Limited, a company registered in Scotland for which group financial statements are prepared. Copies of the financial statements are available from Companies House in Edinburgh. Carron Holdings Limited is the parent undertaking of the smallest and largest group which consolidates the financial information of the company. Copies of the group's financial statements may be obtained from Companies House.

For the whole of the current and previous years, the company's ultimate controlling parties were its directors D McMorrine and J Hewitt.

25. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments were required in equity or profit or loss for the year.

Carron Bathrooms Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

25. Transition to FRS 102 *(continued)*

Set out below are the changes in accounting policies:

Revaluation of Tangible fixed assets

Under previous UK GAAP, the company had a policy of revaluing freehold property. On transition to FRS 102, the company has elected to use the previous valuation of freehold property from 2011 as the deemed cost for that asset, and depreciation has been applied from the date of the valuation. There is no effect on the balance sheet on transition.

Deferred taxation

Under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax charge of £nil arose on transition to FRS 102. In the year ending 31 December 2015, there are no further charges or credits arising.

No transitional adjustments were therefore required in equity or profit or loss for the year.