

Company Registration No. SC080506 (Scotland)

Carron Bathrooms Limited

**Annual report and financial statements
for the year ended 31 December 2016**



Saffery Champness
CHARTERED ACCOUNTANTS

Carron Bathrooms Limited

Company information

Directors	David McMorrine John Hewitt
Secretary	David McMorrine
Company number	SC080506
Registered office	North Carron Works Stenhouse Road Carron Falkirk Stirlingshire FK2 8UW
Independent auditors	Saffery Champness LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	Bank of Scotland plc Unit 15 Howgate Centre Falkirk FK1 1HG

Carron Bathrooms Limited

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Carron Bathrooms Limited

Strategic report

For the year ended 31 December 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

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 the company's markets, which improved significantly in 2015, remained strong throughout 2016. Investments made in product development and production systems in recent years ensured the company continued to be able to benefit from good market conditions. Sales increased to £13.247 million, an increase of 9.4% compared to 2015.

The company recognises that in order to remain competitive in the future, it is critical to improve productivity year-on-year. So, the long-standing programme of investment in plant and equipment and computer systems was stepped up. Total capital investment of £600,000 was the highest in a single year in the company's history.

Material and labour costs remained well controlled, which enabled the group to increase gross margin from 26.6% in 2015 to 28.9%. As a result, the company's profit after tax rose to £1.259 million, compared with £1.081 million in the previous year. The directors consider the results to be satisfactory.

Financial position at the reporting date

During the year the company also paid dividends totalling £800,000 to its parent company, Carron Holdings Limited. As a result, the balance sheet shows that the net assets of the company increased from £3.545 million to £4.005 million. The company had cash on deposit at the year end of £1.258 million and no external borrowings.

The company saw no net movement in cash flow, with cash on hand of £1.258 million at the year end.

Current trading

Market conditions during the early part of 2017 have remained much the same as they were during 2016. The company has, however, incurred significant increases in the cost of key raw materials, not all of which has been recoverable in the market. So, although sales are broadly in line with the same period last year, margins have been slightly depressed.

Principal risks and uncertainties facing the business

The directors see the 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.

On behalf of the board



David McMorine

Director

05/04/17

Carron Bathrooms Limited

Directors' report

For the year ended 31 December 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

David McMorris

John Hewitt

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £800,000. The directors do not recommend payment of a final dividend.

Auditors

Saffery Champness LLP were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 period. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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)

For the year ended 31 December 2016

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

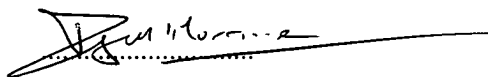
Future developments

The prospects of the company are closely tied to the strength of the economics 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 arising directly from its operations. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

On behalf of the board



David McMorris

Director

05/04/17

Carron Bathrooms Limited

Independent auditors' report

To the members of Carron Bathrooms Limited

We have audited the financial statements of Carron Bathrooms Limited for the year ended 31 December 2016 set out on pages 6 to 24. 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), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 2, 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 2016 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.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Carron Bathrooms Limited

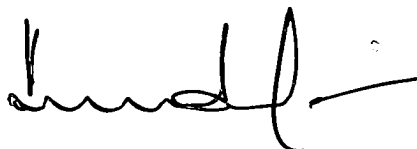
Independent auditors' report (continued)
To the members of Carron Bathrooms Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 Saffery Champness LLP

6 April 2017

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Carron Bathrooms Limited**Statement of comprehensive income
For the year ended 31 December 2016**

		2016	2015
	Notes	£	£
Turnover	3	13,246,815	12,108,870
Cost of sales		(9,419,895)	(8,886,927)
Gross profit		3,826,920	3,221,943
Distribution costs		(1,259,562)	(1,191,751)
Administrative expenses		(991,136)	(681,358)
Operating profit	5	1,576,222	1,348,834
Interest receivable and similar income		577	381
Interest payable and similar expenses	8	-	(3)
Profit before taxation		1,576,799	1,349,212
Taxation	9	(317,343)	(268,277)
Profit for the financial year	20	1,259,456	1,080,935

The profit and loss account has been prepared on the basis that all operations are continuing operations.

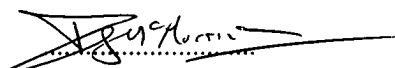
Carron Bathrooms Limited

Balance sheet

As at 31 December 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	11		2,622,788		2,342,655
Current assets					
Stocks	12	1,036,478		959,725	
Debtors	13	1,471,788		1,489,227	
Cash at bank and in hand		1,257,525		1,257,613	
			3,765,791	3,706,565	
Creditors: amounts falling due within one year	14	(2,267,361)		(2,375,439)	
Net current assets			1,498,430		1,331,126
Total assets less current liabilities			4,121,218		3,673,781
Provisions for liabilities	15		(116,237)		(128,256)
Net assets			4,004,981		3,545,525
Capital and reserves					
Called up share capital	18		60,500		60,500
Revaluation reserve	20		618,256		635,921
Capital redemption reserve	20		30,000		30,000
Profit and loss reserves	20		3,296,225		2,819,104
Total equity			4,004,981		3,545,525

The financial statements were approved by the board of directors and authorised for issue on 05/04/17 and are signed on its behalf by:



David McMorrine
Director

Company Registration No. SC080506

Carron Bathrooms Limited

**Statement of changes in equity
For the year ended 31 December 2016**

		Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 January 2015		60,500	653,586	30,000	2,720,504	3,464,590
Year ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	1,080,935	1,080,935
Dividends	10	-	-	-	(1,000,000)	(1,000,000)
Transfers		-	(17,665)	-	17,665	-
Balance at 31 December 2015		60,500	635,921	30,000	2,819,104	3,545,525
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	1,259,456	1,259,456
Dividends	10	-	-	-	(800,000)	(800,000)
Transfers		-	(17,665)	-	17,665	-
Balance at 31 December 2016		60,500	618,256	30,000	3,296,225	4,004,981

Carron Bathrooms Limited

Statement of cash flows

For the year ended 31 December 2016

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities					
Cash generated from operations	25		1,679,430		1,708,135
Interest paid			-		(3)
Taxes paid			(279,596)		(211,712)
Net cash inflow from operating activities			1,399,834		1,496,420
Investing activities					
Purchase of tangible fixed assets		(600,499)		(296,511)	
Interest received		577		381	
Net cash used in investing activities			(599,922)		(296,130)
Financing activities					
Dividends paid		(800,000)		(1,000,000)	
Net cash used in financing activities			(800,000)		(1,000,000)
Net (decrease)/increase in cash and cash equivalents			(88)		200,290
Cash and cash equivalents at beginning of year			1,257,613		1,057,323
Cash and cash equivalents at end of year			1,257,525		1,257,613

1 Accounting policies

Company information

Carron Bathrooms Limited is a private company limited by shares incorporated in Scotland. The registered office is North Carron Works, Stenhouse Road, Carron, Falkirk, Stirlingshire, FK2 8UW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings and certain items of plant and machinery. The principal accounting policies adopted are set out below.

Carron Bathrooms Limited is a wholly owned subsidiary of Carron Holdings Limited and the results of Carron Bathrooms Limited are included in the consolidated financial statements of Carron Holdings Limited which are available from North Carron Works, Stenhouse Road, Carron, Falkirk, Stirlingshire, FK2 8UW.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts derived from the provisions 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.

1.4 Property, plant and equipment

Tangible fixed assets are initially measured at cost and subsequently measured at cost or deemed cost, less any accumulated depreciation and any impairment losses.

Notes to the financial statements (continued)

For the year ended 31 December 2016

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2.5% straight line
Plant and machinery	10% straight line
Fixtures, fitting, tools and equipment	15% to 33 1/3% straight line
Motor vehicles	33 1/3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price 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 levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes 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.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (continued)

1.12 Defined contributions 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 services, 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.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangibles 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 reassessed annually. They are amended annually 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 carrying value of the freehold land and buildings and note 1 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 stock.

Impairment of debtors

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
Turnover		
Manufacture and sale of bathroom products	13,246,815	12,108,870

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

REVALUATION OF THIS INFORMATION
No shift of turnover percentage geographically. Values are presented due to the commonality

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3. Turnover and capital structure

REVALUATION OF THIS INFORMATION
No shift of turnover percentage geographically. Values are presented due to the commonality

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5. Capital structure and turnover

REVALUATION OF THIS INFORMATION
No shift of turnover percentage geographically. Values are presented due to the commonality

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No shift of turnover percentage geographically. Values are presented due to the commonality

Carron Bathrooms Limited**Notes to the financial statements (continued)****For the year ended 31 December 2016****4 Auditors' remuneration**

	2016	2015
	£	£
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the company's financial statements	15,250	14,900

5 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	4,500	6,538
Depreciation of owned tangible fixed assets	320,366	266,254
Cost of stocks recognised as an expense	5,839,758	5,673,864
Operating lease charges	69,781	69,663

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016	2015
	Number	Number
Production staff	91	91
Administrative staff	21	19
	112	110

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	3,498,306	3,026,762
Social security costs	325,566	287,702
Pension costs	65,147	83,006
	3,889,019	3,397,470

Notes to the financial statements (continued)

For the year ended 31 December 2016

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	414,735	333,962
Company pension contributions to defined contribution schemes	-	40,000
	<u>414,735</u>	<u>373,962</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	270,942	177,812
Company pension contributions to defined contribution schemes	-	40,000
	<u>270,942</u>	<u>217,812</u>

They 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 £39,468 (2015: £35,711).

8 Interest payable and similar expenses

	2016 £	2015 £
Other finance costs:		
Interest on bank loans and overdrafts	-	3
	<u>-</u>	<u>3</u>

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	325,845	255,547
Adjustments in respect of prior periods	3,517	117
	<u>329,362</u>	<u>255,664</u>

Carron Bathrooms Limited**Notes to the financial statements (continued)****For the year ended 31 December 2016****9 Taxation (continued)**

	2016	2015
	£	£
Deferred tax		
Origination and reversal of timing differences	(12,019)	24,177
Changes in tax rates	-	(11,564)
Total deferred tax	(12,019)	12,613
Total tax charge	317,343	268,277

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	1,576,799	1,349,212
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	315,360	273,169
Tax effect of expenses that are not deductible in determining taxable profit	898	2,190
Unutilised tax losses carried forward	-	117
Adjustments in respect of prior years	3,517	(259)
Permanent capital allowances in excess of depreciation	7,831	7,642
Deferred tax adjustments in respect of prior years	(10,263)	(14,582)
Taxation for the year	317,343	268,277

10 Dividends

	2016	2015
	£	£
Interim paid	800,000	1,000,000

Carron Bathrooms Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

11 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fitting, tools and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	1,350,000	4,609,997	216,272	86,450	6,262,719
Additions	-	431,484	134,693	34,322	600,499
	<u>1,350,000</u>	<u>5,041,481</u>	<u>350,965</u>	<u>120,772</u>	<u>6,863,218</u>
Depreciation and impairment					
At 1 January 2016	136,000	3,545,216	190,398	48,450	3,920,064
Depreciation charged in the year	34,000	217,928	34,716	33,722	320,366
	<u>170,000</u>	<u>3,763,144</u>	<u>225,114</u>	<u>82,172</u>	<u>4,240,430</u>
Carrying amount					
At 31 December 2016	<u>1,180,000</u>	<u>1,278,337</u>	<u>125,851</u>	<u>38,600</u>	<u>2,622,788</u>
At 31 December 2015	<u>1,214,000</u>	<u>1,064,781</u>	<u>25,874</u>	<u>38,000</u>	<u>2,342,655</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. During 2015 the directors took 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.

12 Stocks

	2016 £	2015 £
Raw materials and consumables	620,671	593,574
Work in progress	11,963	11,139
Finished goods and goods for resale	403,844	355,012
	<u>1,036,478</u>	<u>959,725</u>

Carron Bathrooms Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

13 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	1,293,906	1,373,654
Amount due from parent undertaking	23,809	-
Prepayments and accrued income	154,073	115,573
	<u>1,471,788</u>	<u>1,489,227</u>

14 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,368,571	1,190,256
Amounts due to group undertakings	-	400,000
Corporation tax	125,643	75,877
Other taxation and social security	442,652	476,863
Accruals and deferred income	330,495	232,443
	<u>2,267,361</u>	<u>2,375,439</u>

Freehold land and buildings 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 Provisions for liabilities

	2016	2015
	£	£
	Notes	
Deferred tax liabilities	16	
	<u>116,237</u>	<u>128,256</u>

Carron Bathrooms Limited**Notes to the financial statements (continued)****For the year ended 31 December 2016****16 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	128,256	124,202
Deferred tax - other short term timing differences	(12,019)	4,054
	<u>116,237</u>	<u>128,256</u>
Movements in the year:		2016 £
Liability at 1 January 2016		128,256
Credit to profit or loss		(12,019)
Liability at 31 December 2016		<u>116,237</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>65,147</u>	<u>83,006</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Carron Bathrooms Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

18 Share capital

	2016	2015
	£	£
Ordinary share capital		
Authorised		
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>
Issued and fully paid		
49,407 Ordinary A shares of £1 each	49,407	49,407
11,093 Ordinary B shares of £1 each	11,093	11,093
	<u>60,500</u>	<u>60,500</u>

19 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,317,715	1,373,654
	<u>1,317,715</u>	<u>1,373,654</u>
Carrying amount of financial liabilities		
Measured at amortised cost	1,368,571	1,590,256
	<u>1,368,571</u>	<u>1,590,256</u>

20 Reserves

Share premium

Represents the premium over nominal value of shares that have been issued.

Revaluation reserve

Represents the increase in value over cost of assets that have been revalued.

Capital redemption reserve

Represents funds set aside to maintain the level of capital after a redemption of share capital.

Profit and loss reserves

Includes all current and prior period retained profits and losses.

21 Financial commitments, guarantees and contingent liabilities

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

Carron Bathrooms Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	88,723	106,299
Between two and five years	159,911	226,608
	<u>248,634</u>	<u>332,907</u>

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 David McMorrine and John Hewitt.

22 Operating lease commitments

Lessee	
At the reporting end of the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:	
	2016 £
Within one year	100,339
Between two and five years	226,603
	326,942

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 included in note 7.

24 Controlling party

The entire issued share capital of the company is owned by Cartron 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. Cartron Holdings Limited is the parent undertaking of the smallest and largest group which consolidated 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 David McWhirter and John Hewitt.

Carron Bathrooms Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

25 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	1,259,456	1,080,935
Adjustments for:		
Taxation charged	317,343	268,277
Finance costs	-	3
Investment income	(577)	(381)
Depreciation and impairment of tangible fixed assets	320,366	266,254
Movements in working capital:		
(Increase)/decrease in stocks	(76,753)	104,619
Decrease/(increase) in debtors	17,439	(207,130)
(Decrease)/increase in creditors	(157,844)	195,558
Cash generated from operations	1,679,430	1,708,135