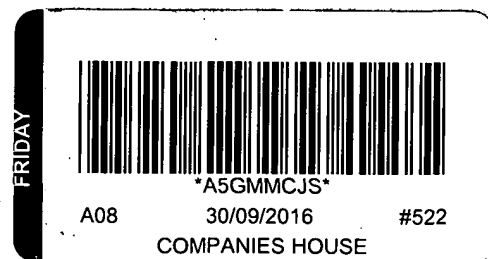


Parex Limited

Report and Financial Statements

31 December 2015



Directors

M A Shorrock
E C P Berge

Secretary

A Cogbill

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

Registered Office

Holly Lane Industrial Estate
Atherstone
Warwickshire CV9 2QZ

Registered No. 2450579

Strategic report

The directors present their Strategic report for the year ended 31 December 2015.

Principal activity and review of the business

The company's principal activities during the year were that of the manufacture and supply of specialist materials for the civil engineering, infrastructure and construction. No significant changes are foreseen.

During the year the company transitioned from previously extant UK GAAP to FRS 101- Reduced Disclosure Framework and has taken advantage of the reduced disclosure framework allowed under this standard. The company's ultimate parent undertaking, CVC, was notified of and did not object to the use of IFRS disclosure exemptions for qualifying entities. Adjustments arising as a result of the transition are detailed in note 23.

The directors consider that the result for the year under review is satisfactory. Turnover increased in the year by £568,987 (2.8%) (2014 – £1,208,236 (6.4%)) with growth recorded across all product categories reflecting the Company focus on quality, responsiveness and client service.

Gross profit margins have been maintained at satisfactory levels due to the continued focus on efficiency. The margin achieved in 2015 was 46.5% (2014 – 45.1%)

Principal risks and uncertainties

The management of the company and its strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to customer retention, competition from other manufacturers, and continuity of product supply.

The company is not dependent on one major customer, with the top ten customers comprising approximately 43% of total turnover. The company focuses on customer support and product availability to ensure ongoing customer satisfaction and reduce the risk from competitors.

The company places considerable attention on the availability of products supplied to customers through enhanced procurement management and a focus on customer requirements, thereby maximising the company's ability to meet or exceed customer expectations.

To reduce credit risk, credit checks are carried out on all customers and appropriate credit limits set prior to an account being opened with further credit checks subsequently performed on an ad-hoc basis.

The company makes the majority of its non-group purchases and sales in Sterling and is therefore not materially exposed to movements in exchange rates.

Key performance indicators (KPIs)

The key financial and other performance indicators, performance during the year were as follows;

	2015 £'000	2014 £'000	Change %
Turnover	20,605	20,036	+2.8%
Operating Profit	4,940	4,690	+5.3%
Profit after tax	4,065	3,816	+6.5%
Equity shareholders' funds	8,249	6,559	+25.8%
Average number of employees	70	71	-1.4%

The company's directors are of the opinion that any further analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

By order of the board



A Cogbill
Secretary

29th September 2016

Registered No. 2450579

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £4,064,739 (2014 – £3,816,492). A dividend of £2,375,000 (2014 – £810,000) was paid during the year. The directors do not recommend a final dividend (2014 – £nil).

Going concern

The financial statements have been prepared on a going concern basis. The directors have concluded that this is an appropriate basis as the company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the company will continue to be cash generative and profitable.

Directors

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

M A Shorrock

E C P Berge

G De La Roche Aymon (resigned 24th June 2015)

Disclosure of information to the 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

By order of the Board



A Cogbill

Secretary

29th September 2016

Statement of 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper 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.

Independent auditors' report

to the members of Parex Limited

We have audited the financial statements of Parex Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes 1 to 23. 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 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Report and Financial Statements 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 audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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, Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

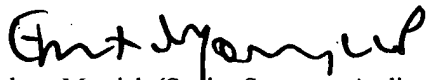
Independent auditors' report (continued)

to the members of Parex Limited

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.



Andrew Merrick (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Birmingham

30 September 2016

Income statement

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	3	20,604,675	20,035,688
Cost of sales		(11,018,537)	(10,998,571)
Gross Profit		9,586,138	9,037,117
Administrative expenses		(4,646,399)	(4,346,771)
Operating Profit	4	4,939,739	4,690,346
Interest receivable and similar income	7	46,361	37,496
Interest payable and similar charge	8	(14,082)	(62,942)
Profit on ordinary activities before taxation		4,972,018	4,664,900
Tax on profit on ordinary activities	9	(907,279)	(848,408)
Profit for the financial year		4,064,739	3,816,492

All amounts relate to continuing activities.

Statement of other comprehensive income

for the year ended 31 December 2015

There are no items of other comprehensive income such that total comprehensive income equals the profit attributable to the shareholders of the company of £4,064,739 in the year ended 31 December 2015 (2014 – profit of £3,816,492).

Balance sheet

at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	11	1,912,248	1,912,248
Tangible assets	12	668,665	675,591
Investments	13	79,184	79,184
		<u>2,660,097</u>	<u>2,667,023</u>
Current assets			
Stocks	14	597,789	735,539
Debtors	15	5,593,195	5,085,700
Cash at bank and in hand		<u>3,797,145</u>	<u>3,151,305</u>
		9,988,129	8,972,544
Creditors: amounts falling due within one year	16	(4,333,006)	(5,001,375)
Net current assets		<u>5,655,123</u>	<u>3,971,169</u>
Total assets less current liabilities		8,315,220	6,638,192
Creditors: amounts falling due after more than one year	17	(66,618)	(79,329)
Net assets		<u>8,248,602</u>	<u>6,558,863</u>
Capital and reserves			
Called up share capital	18	318,750	318,750
Share premium account		26,250	26,250
Profit and loss account		<u>7,903,602</u>	<u>6,213,863</u>
Shareholders' funds		<u>8,248,602</u>	<u>6,558,863</u>

Approved by the Board and authorised for issue on the date shown below:

M Shorrock
Director
29th September 2016

Statement of changes in equity

for the year ended 31 December 2015

	<i>Share capital</i>	<i>Share premium account</i>	<i>Retained earnings</i>	<i>Total</i>
	£	£	£	£
At 1 January 2014	318,750	26,250	3,207,371	3,552,371
Profit for the year	-	-	3,816,492	3,816,492
Dividend paid	-	-	(810,000)	(810,000)
At 1 January 2015	318,750	26,250	6,213,863	6,558,863
Profit for the year	-	-	4,064,739	4,064,739
Dividend paid	-	-	(2,375,000)	(2,375,000)
At 31 December 2015	318,750	26,250	7,903,602	8,248,602

Notes to the financial statements

at 31 December 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Parex Limited were approved for issue by the Board of Directors on 29th September 2016. Parex Limited is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

2. Accounting policies

Basis of preparation

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. The material adjustments arising on transition are as disclosed in note 23. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 6 and 21 of IFRS 1 First time adoption of International Financial Reporting Standards;
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

There have been no other changes to accounting policies during the year. The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Going concern

The financial statements have been prepared on a going concern basis. The Directors have concluded that this is an appropriate basis as the company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the company will continue to be cash generative and profitable.

Group financial statements

The financial statements presented are the individual company financial statements of Parex Limited. The company has taken advantage of the exemption in Companies Act 2006 from preparation of group financial statements since the company is a wholly owned subsidiary of CVC European Equity V established under the law of an EU Member State which prepares group financial statements that include the financial statements of the company.

Goodwill

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill a period of 15 years would have been chosen as the useful life for goodwill. The profit for the year would have been £169,000 lower had goodwill been amortised in the year.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

Intangible fixed assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end and for the current year are as follows:

Know how – 4 years

Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement where the asset is derecognised.

Tangible fixed assets

Depreciation is provided to write off the cost, less the estimated residual values of all tangible fixed assets, over their expected useful lives. It is calculated at the following rates

Motor vehicles	– 25% per annum straight-line
Equipment	– 25% per annum reducing balance
Plant factory equipment	– 10% per annum reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

All fixed assets are initially recorded at cost and provision for impairment made where required.

The carrying values of all fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of the cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis and includes an appropriate proportion of direct labour costs. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Contributions made by the company to the employees' personal pension plans are charged to the profit and loss account in the year in which they become payable.

Research and development

Research and development expenditure is written off as incurred.

Foreign currencies

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Revenue Recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must be met before revenue is recognised:

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

Rendering of Services

Revenue generated from the delivery of training courses is recognised when the training courses are delivered.

Interest Income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the company's right to receive the payment is established.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

Financial Assets

Initial Recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss or loans and receivables as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the profit and loss account.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit or loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

De-recognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

De-recognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Dividend payments

Dividend liabilities are recognised when the company passes a resolution to pay a dividend to the shareholders at a meeting of the board.

3. Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. The proportion of turnover that is attributed to markets outside of the United Kingdom is 0.86% (2014 – 1.02%).

4. Operating Profit

This is stated after charging/(crediting):

	2015 £	2014 £
Auditors' remuneration – audit services	16,773	13,397
Depreciation of tangible fixed assets	258,875	249,272
Profit on disposal of tangible fixed assets	(29,050)	(36,574)
Operating lease charges – plant and machinery	20,100	19,508
– land and buildings	159,879	151,479
Foreign exchange loss/ (profit)	45,380	(312,549)

Notes to the financial statements

at 31 December 2015

5. Directors' remuneration

	2015	2014
	£	£
Aggregate remuneration, pension contributions and amounts receivable under long-term incentive schemes	<u>187,316</u>	<u>187,703</u>

One of the directors does not receive any emoluments from the company for acting in their capacity as directors and for their services to this company the costs of which are not considered to be significant. The directors of the company are also directors of other group companies and their remuneration is paid through other group companies.

6. Staff costs

	2015	2014
	£	£
Wages and salaries	2,553,132	2,402,182
Social security costs	278,877	282,273
Other pension costs	117,710	103,180
	<u>2,949,719</u>	<u>2,787,635</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Administrative	13	15
Production	23	25
Sales	30	27
Research and development	4	4
	<u>70</u>	<u>71</u>

7. Interest receivable and similar income

	2015	2014
	£	£
Bank interest receivable	6,379	5,734
Group loan interest receivable	39,982	31,762
	<u>46,361</u>	<u>37,496</u>

8. Interest payable and similar charges

	2015	2014
	£	£
Hire purchase contracts	14,082	19,722
Group loan interest payable	-	33,709
Other interest payable	-	9,511
	<u>14,082</u>	<u>62,942</u>

Notes to the financial statements

at 31 December 2015

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £	2014 £
Current tax:		
UK corporation tax on the profit for the year	934,783	803,484
Adjustment in respect of prior years	(1,091)	(507)
Total current tax (note 8(b))	933,692	802,977
Deferred tax:		
Origination and reversal of timing differences	(27,576)	48,427
Prior year adjustment	-	(2,996)
Effect of changes in tax rate	1,163	-
Tax on profit on ordinary activities	907,279	848,408

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	4,972,018	4,496,254
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%)	1,006,834	966,387
Effects of:		
Expenses not deductible for tax purposes	2,174	40,148
Adjustment in respect of prior years	(1,091)	(3,503)
Group relief claimed	(105,243)	(151,008)
Change in rates in corporation tax	4,605	-
Total tax for the year (note 8(a))	907,279	848,408

Notes to the financial statements

at 31 December 2015

9. Tax (continued)

(c) Deferred tax

	£
At 1 January 2015	(11,630)
Charge to Income statement	(26,413)

At 31 December 2015 (note 15)	<u>(38,043)</u>
-------------------------------	-----------------

	2015 £	2014 £
Accelerated capital allowances	12,333	35,939
Other timing differences	<u>(50,376)</u>	<u>(47,569)</u>
	<u>(38,043)</u>	<u>(11,630)</u>

(d) Factors that may affect future tax charges

In 2015, reductions to the rate of corporation tax to 19% (effective 1 April 2017) and 18% (effective 1 April 2020) were enacted. The impact of any resulting changes to the valuation of any deferred tax assets and liabilities is reflected within the Financial Statements. In his budget of 2016, the Chancellor of the Exchequer proposed a further reduction to the rate of corporation tax to 17%, effective 1 April 2020. This reduction was not substantively enacted until after the year end date and therefore does not impact the carrying value of deferred tax assets and liabilities in the Financial Statements.

The Chancellor also proposed, as part of the 2016 budget, wide-ranging reform in regard to the use of brought forward tax losses, with such measures becoming effective from 1 April 2017. The proposed changes to existing legislation have not yet been announced and a full assessment of the potential impacts will be undertaken by the Company once this information is available.

10. Dividends

	2015 £	2014 £
<i>Dividends Paid</i>		
Paid £7.92 per 'A' share (2014 – £2.70 per 'A' share)	<u>2,375,000</u>	<u>810,000</u>

Notes to the financial statements

at 31 December 2015

11. Intangible fixed assets

	<i>Purchased goodwill</i>	<i>Other intangible fixed assets</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 January 2015	1,912,248	176,033	2,088,281
At 31 December 2015	1,912,248	176,023	2,088,281
Amortisation:			
At 1 January 2015	-	176,033	176,033
Provided during the year	-	-	-
At 31 December 2015	-	176,033	176,033
Net book value:			
At 31 December 2015	1,912,248	-	1,912,248
At 1 January 2015	1,912,248	-	1,912,248

Goodwill arising on the acquisition of the trades of Parex Limited (now EIFS Limited) and Easipoint Marketing Limited. The business is run as a single cash generating unit.

12. Tangible fixed assets

	<i>Plant and machinery</i>
	£
Cost:	
At 1 January 2015	2,228,830
Additions	272,672
Disposals	(164,980)
At 31 December 2015	2,336,519
Depreciation:	
At 1 January 2015	1,553,239
Charge for the year	258,875
Disposals	(144,260)
At 31 December 2015	1,667,854
Net book value:	
At 31 December 2015	668,665
At 1 January 2015	675,591

The net book value of tangible fixed assets includes an amount of £295,857 (2014 – £247,149) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £124,879 (2014 – £85,233).

Notes to the financial statements

at 31 December 2015

13. Investments

	<i>Subsidiary undertakings £</i>
Cost:	
At 1 January 2015 and 31 December 2015	<u>4,209,184</u>
Provision:	
At 1 January 2015	4,130,000
Provided for the year	-
At 31 December 2015	<u>4,130,000</u>
Net book value:	
At 31 December 2015	<u>79,184</u>
At 1 January 2015	<u>79,184</u>

Details of the investments are as follows:

<i>Company name</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Principal activities</i>
Easipoint Marketing Limited	United Kingdom	Ordinary Shares	100%	Dormant

14. Stocks

	<i>2015 £</i>	<i>2014 £</i>
Raw materials	294,726	556,937
Finished goods	303,063	178,602
	<u>597,789</u>	<u>735,539</u>

The replacement cost of stock is not materially different from the amounts stated in the financial statements.

15. Debtors

	<i>2015 £</i>	<i>2014 £</i>
Trade debtors	2,941,148	3,368,293
Amounts owed by group undertakings	2,522,486	1,605,954
Deferred tax (note 8(c))	38,043	11,630
Other debtors	91,518	99,823
	<u>5,593,195</u>	<u>5,085,700</u>

All amounts shown under debtors, other than deferred tax, fall due for payment within one year.

Notes to the financial statements

at 31 December 2015

16. Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	1,247,079	1,232,190
Amounts owed to group undertakings	853,000	1,279,000
Other taxes and social security costs	630,138	709,638
Obligations under finance leases and hire purchase contracts	89,763	107,188
Other creditors	1,361,751	1,371,209
Corporation tax	151,275	302,150
	<u>4,333,006</u>	<u>5,001,375</u>

17. Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Obligations under finance leases and hire purchase contracts	66,618	79,329
	<u>66,618</u>	<u>79,329</u>

Maturity of finance leases and hire purchase contracts

	2015	2014
	£	£
Within one year	89,763	107,188
In one to two years	58,479	49,108
In two to five years	8,139	30,221
	<u>156,381</u>	<u>186,517</u>

18. Issued share capital

	2015		2014	
<i>Allotted, called up and fully paid</i>	No.	£	No.	£
'A' Ordinary shares of £1 each	300,000	300,000	300,000	300,000
'B' Ordinary shares of 25p each	75,000	75,000	18,750	18,750
	<u>318,750</u>		<u>318,750</u>	

19. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £99,543 (2014 – £87,021). Outstanding contributions amounting to £24,124 (2014 – £14,023) were payable to the fund and are included in other creditors.

Notes to the financial statements

at 31 December 2015

20. Other financial commitments

At 31 December 2015 the company had total payments under non-cancellable operating leases as set out below:

	2015		2014	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
Within one year	159,879	20,100	161,000	18,020
In two to five years	252,142	-	487,000	-
	<u>412,021</u>	<u>20,100</u>	<u>648,000</u>	<u>18,020</u>

21. Related party transactions

The company is a wholly owned subsidiary of CVC whose group financial statements are publically available. As a result the company has taken advantage of the exemptions permitted under IAS 24 not to disclose transactions with other wholly owned subsidiaries of the group.

22. Ultimate parent undertaking and controlling party

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is CVC, a company incorporated in Luxembourg. The company's immediate parent undertaking is Dry Mix Solutions UK Limited, a company incorporated in UK. Copies of the group accounts are available from 20 av. Monterey, 2163 Luxembourg.

23. Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101, and made changes in accounting policies and other restatements as appropriate for the first-time adoption of FRS 101.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 First time adoption of International Financial Reporting Standards, except for the requirements of paragraphs 6 and 21, which are the disclosure exemptions allowable to the Company under FRS 101.

There following reconciliations comprising of the opening balance sheet as at 1 January 2014, closing balance sheet as at 31 December 2014 and income statement for the year ended 31 December 2014 showing all material adjustments made.

Notes to the financial statements

at 31 December 2015

23. Transition to FRS 101 (continued)

Reconciliation of equity as at 1 January 2014 (date of transition to FRS 101)

	<i>Notes</i>	<i>FRS 101 Reclassification /Re- measurement</i>		<i>FRS 101</i>
		<i>UK GAAP</i>	<i>measurement</i>	
		<i>£</i>	<i>£</i>	<i>£</i>
Fixed assets				
Tangible assets		697,899	-	697,899
Intangible assets		1,912,249	-	1,912,249
Investments		79,184	-	79,184
		<u>2,689,332</u>	<u>-</u>	<u>2,689,332</u>
Current assets				
Stock		719,387	-	719,387
Trade and other receivables		4,626,390	-	4,626,390
Cash at bank and in hand		1,703,441	-	1,703,441
		<u>7,049,218</u>	<u>-</u>	<u>7,049,218</u>
Creditors: amounts falling due within one year		<u>(6,136,572)</u>	<u>-</u>	<u>(6,136,572)</u>
Net current assets		<u>912,646</u>	<u>-</u>	<u>912,646</u>
Total assets less current liabilities		<u>3,601,978</u>	<u>-</u>	<u>3,601,978</u>
Creditors: amounts falling due after more than one year		<u>(49,607)</u>	<u>-</u>	<u>(49,607)</u>
Net assets		<u>3,552,371</u>	<u>-</u>	<u>3,552,371</u>
Capital and reserves				
Called up share capital		318,750	-	318,750
Share premium account		26,250	-	26,250
Profit and loss account		3,207,371	-	3,207,371
Shareholders' deficit		<u>3,552,371</u>	<u>-</u>	<u>3,552,371</u>

Notes to the financial statements

at 31 December 2015

23. Transition to FRS 101 (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2014

		<i>FRS 101</i>	
	<i>UK GAAP</i>	<i>Reclassification/Re-</i>	<i>FRS 101</i>
<i>Notes</i>	<i>£000</i>	<i>measurement</i>	<i>£000</i>
		<i>£000</i>	
Turnover	20,035,688	-	20,035,688
Cost of sales	(10,998,571)	-	(10,998,571)
Gross profit	9,037,117	-	9,037,117
Administrative expenses	(4,515,417)	168,646	(4,346,771)
Operating profit	4,521,700	168,646	4,690,346
Interest receivable and similar income	37,496	-	37,496
Interest payable and similar charges	(62,942)	-	(62,942)
Profit on ordinary activities before taxation	4,496,254	168,646	4,664,900
Tax expense	(848,408)	-	(848,408)
Profit for the financial year	3,647,846	168,646	3,816,492
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive profit for the year, net of tax	3,647,846	168,646	3,816,492

Under previous UK GAAP Goodwill was amortised over its useful life. On transition to FRS 101 Goodwill is considered to have an indefinite life in accordance with IAS 38, and is tested annually for impairment in accordance with IAS 36. On transition to FRS 101 the group took advantage of the exemption under IFRS 1 not to restate business combinations prior to the transition date such that the carrying value of goodwill remains unchanged and has been designated as deemed cost.

Notes to the financial statements

at 31 December 2015

23. Transition to FRS 101 (continued)

Reconciliation of equity as at 31 December 2014

		FRS 101	
	UK GAAP	Reclassification/Re-	FRS 101
Notes	£000	measurement	£000
		£000	£000
Fixed assets			
Goodwill	1,743,602	168,646	1,912,248
Tangible assets	675,591	-	675,591
Investments	79,184	-	79,184
	<u>2,498,377</u>	<u>168,646</u>	<u>2,667,023</u>
Current assets			
Stock	735,539	-	735,539
Trade and other receivables	5,085,700	-	5,085,700
Cash at bank and in hand	3,151,305	-	3,151,305
	<u>8,972,544</u>	<u>-</u>	<u>8,972,544</u>
Creditors: amounts falling due within one year	<u>(5,001,375)</u>	<u>-</u>	<u>(5,001,375)</u>
Net current assets	<u>3,971,169</u>	<u>-</u>	<u>3,971,169</u>
Total assets less current liabilities	6,469,546	168,646	6,638,192
Creditors: amounts falling due within one year	<u>(79,329)</u>	<u>-</u>	<u>(79,329)</u>
Net assets	<u>6,390,217</u>	<u>168,646</u>	<u>6,558,863</u>
Capital and reserves			
Called up share capital	318,750	-	318,750
Share premium account	26,250	-	26,250
Profit and loss account	6,045,217	168,646	6,213,863
Shareholders' funds	<u>6,390,217</u>	<u>168,646</u>	<u>6,558,863</u>