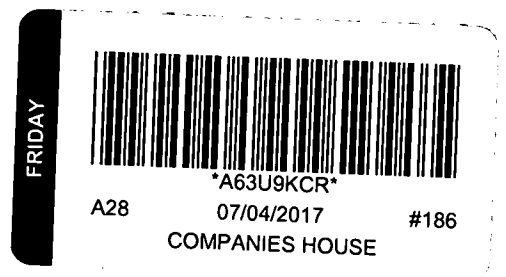


Graefe Limited

Annual report and financial statements

Registered number 3094425

31 December 2016.



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Company Information

Directors

M G Rees
J Sherry
D Wallis

Secretary

J Sherry

Auditor

KPMG LLP
One St Peter's Square
Manchester
M2 3AE

Banker

HSBC
South East Corporate Banking Centre
Global House
High Street
Crawley
West Sussex
RH10 1DL

Solicitor

CMS Cameron McKenna LLP
Cannon House
78 Cannon Street
London EC4A 6NF

Registered Office

Alderflat Drive
Newstead Industrial Estate
Trentham
Stoke on Trent
ST4 8HX

Strategic Report

Principal activities

The Company's principal activity is the manufacture of veneered doors and panelling.

Performance of the business

The Directors are satisfied with the financial performance of the Company in 2016 against the backdrop of a challenging market in the commercial construction sector and the significant restructuring undertaken in the year.

The loss for the year, after taxation, amounted to £722,000 (2015: loss of £610,000) and has been taken to reserves. The directors do not recommend a dividend for the year (2015: £nil).

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2016 £000	2015 £000	Change %
Turnover	1,592	1,844	(14%)
Operating loss (pre-exceptional items)	(226)	(332)	32%

During the prior year the Company further restructured its manufacturing facilities and selling operations in order to streamline and outsource some elements of the production and generally reduce costs. Charges of £395,000 were incurred as a result of this activity including property dilapidations and onerous lease charges of £20,000, redundancies of £209,000 and other charges of £166,000. These actions have significantly reduced operating costs whilst strengthening further the Company's sales turnover.

Business environmental risks and uncertainties

Market conditions in 2016 remained challenging with volumes in the market comparable to 2015. The market remained exceptionally competitive in respect of price.

The company uses working capital facilities and trade debtors and creditors that arise directly from its operations to finance the company's operations. The main risk arising from these facilities is credit risk. The directors review and agree policies for managing this risk by agreeing payment terms in advance and by having in place appropriate credit control procedures. Where credit risk is considered to be higher than acceptable, payment must be provided in advance.

The company's transactions are undertaken predominantly in sterling and therefore the Directors do not consider that foreign currency risk is significant, although this will be kept under review.

Future outlook

Current market data indicates that the markets in which the Company trades will remain challenging. The Directors believe that the market will remain very competitive in 2017 with regards to selling prices with the associated pressure on gross margins. The significant restructuring undertaken in recent years has reset the cost base protecting the business against the pressure on sales revenue. The Directors anticipate an acceptable level of profitability to be achieved.

By order of the board


J Sherry
Director

Alderflat Drive
Newstead Industrial Estate
Trentham
Stoke on Trent
ST4 8HX

March 2017

Directors' Report

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

Going Concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements.

Research and development

The company policy is to invest in research and development to continually provide new and innovative products to the marketplace.

Directors

The directors who held office during the year were as follows:

M G Rees
J Sherry
D Wallis

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Charitable and Political contributions

Charitable and political donations of £nil (2015: £nil) were made during the year to charities supported by the employees of the Company.

The Company made no political donations during the year (2015: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



J Sherry
Director

Alderflat Drive
Newstead Industrial Estate
Trentham
Stoke on Trent
ST4 8HX

March 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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; 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

One St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Graefe Limited

We have audited the financial statements of Graefe Limited for the year ended 31 December 2016 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Graefe Limited *(continued)*

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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic and Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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.

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

31 March 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2016

	<i>Not e</i>	Pre- exceptional items	Exceptional items	Total	Pre-exceptional items	Exceptional items	Total
		2016 £000	2016 £000	2016 £000	2015 £000	2015 £000	2015 £000
Turnover	2	1,592	-	1,592	1,844	-	1,844
Cost of sales		(1,074)	(193)	(1,267)	(1,172)	(54)	(1,226)
Gross profit		518	(193)	325	672	(54)	618
Administrative expenses	3	(744)	(202)	(946)	(1,004)	(125)	(1,129)
Operating loss		(226)	(395)	(621)	(332)	(179)	(511)
Interest payable and similar charges	6			(101)			(99)
Loss on ordinary activities before taxation				(722)			(610)
Tax on loss on ordinary activities	7			-			-
Loss and other comprehensive income for the financial year				(722)			(610)

All results for the current and preceding year are derived from continuing operations.

The notes on pages 10 to 19 form part of the financial statements.

Balance Sheet
at 31 December 2016

	Note	2016	2015
		£000	£000
Fixed assets			
Tangible assets	8	-	55
		-	55
Current assets			
Stocks	9	100	266
Debtors	10	103	279
		203	545
Creditors: amounts falling due within one year	11	(2,109)	(1,727)
Net current liabilities		(1,906)	(1,182)
Total assets less current liabilities		(1,906)	(1,127)
Creditors: amounts falling due after more than one year	12	(1,466)	(1,523)
Net liabilities		(3,372)	(2,650)
Capital and reserves			
Called up share capital	14	40	40
Profit and loss account		(3,412)	(2,690)
Shareholders' deficit		(3,372)	(2,650)

The notes on pages 10 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on March 2017 and were signed on its behalf by:



J Sherry
Director

Company registered number: 3094425

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	40	(2,080)	(2,040)
Total comprehensive loss for the period			
Loss	-	(610)	(610)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	-	(610)	(610)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	40	(2,690)	(2,650)
	<hr/>	<hr/>	<hr/>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	40	(2,690)	(2,650)
Total comprehensive loss for the period			
Loss	-	(722)	(722)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	-	(722)	(722)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	40	(3,412)	(3,372)
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 19 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Graefe Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in July 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Intercede Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Intercede Holdco Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes.

As the consolidated financial statements of Intercede Holdco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Directors of the Company have discussed with the Directors of the Group regarding the continued availability of the Group facilities based on the most recent forecasts of Group's ability to continue to operate within the terms of those facilities and the willingness of the Group to continue to support the Company.

For this reason, and after making all appropriate enquiries, they continue to adopt the going concern basis in preparing the Company's financial statements.

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and machinery 20% straight line
- furniture, fixtures and fittings 20% straight line
- leasehold improvements 20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.4 Research and development

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition, as follows:

Raw materials - purchase cost on a first in first out basis

Work in progress - all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.7 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Notes (continued)

1 Accounting policies (continued)

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.9 Exceptional items

Items that are material in size and/or non-recurring in nature (over the life of a project) are presented as exceptional items in the profit and loss account. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, changes to business processes, gains or losses on the disposal or impairment of assets and other significant non-recurring gains or losses.

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of Value Added Tax. Revenue is recognised when the goods are despatched for delivery.

The Company has one principal activity, the manufacture and supply of veneered doors and panelling. All of the Company's activities are based in the UK. The source of all turnover is the United Kingdom and Ireland and all net assets are held in the United Kingdom.

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £000	2015 £000
Exceptional items in operating profit	395	179

Items classified as exceptional operating items are as follows:

	2016 £000	2015 £000
Restructuring/closure costs	395	179

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	6	6

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Intercede Holdco Limited.

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Production staff	14	20
Administration staff	8	11
	22	31

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	573	755
Social security costs	52	65
Other pension costs (note 13)	11	15
	636	835

Notes (continued)

5 Directors' remuneration

The directors received no remuneration in respect of services provided to the Company during the year (2015: £nil).

6 Interest payable and similar charges

	2016 £000	2015 £000
Other interest payable	101	99

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	£000	2015 £000	£000
<i>Current tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		-	
Change in tax rate	-		-	
Total deferred tax		-		-
Total tax		-		-

Reconciliation of effective tax rate

	2016 £000	2015 £000
Loss for the year	(722)	(610)
Total tax expense	-	-
Loss excluding taxation	(722)	(610)
Tax using the UK corporation tax rate of 20.25% (2015: 20.25%)	(146)	(124)
Non-deductible expenses	13	14
Group relief surrendered	65	23
Unutilised losses carried forward not recognised	68	87
Total tax expense included in profit or loss	-	-

Notes (continued)

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

8 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Furniture, fittings and equipment	Total
	£000	£000	£000	£000
Cost				
Balance at 1 January 2016	82	810	55	947
Disposals	(82)	(800)	(55)	937
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	10	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
Balance at 1 January 2016	75	768	49	892
Depreciation charge for the year	2	22	3	27
Disposals	(77)	(780)	(52)	(909)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	-	10	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2016	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2016	7	42	6	55
	<hr/>	<hr/>	<hr/>	<hr/>

9 Stocks

	2016 £000	2015 £000
Raw materials and consumables	17	142
Work in progress	83	124
	<hr/>	<hr/>
	100	266
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	2016 £000	2015 £000
Trade debtors	73	178
Amounts due from group undertakings	-	65
Other debtors	30	36
	<u>103</u>	<u>279</u>

11 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Overdraft	48	1,213
Trade creditors	123	379
Social security and other taxes	12	26
Other creditors	170	34
Payments on account	58	65
Amounts owed to group undertakings	1,698	10
	<u>2,109</u>	<u>1,727</u>

12 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to group undertakings	1,466	1,523

13 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £11,000 (2015: £15,000).

14 Capital and reserves

Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
40,000 (2015: 40,000) ordinary shares of £1 each	40	40

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	-	-
Between one and five years	29	-
More than five years	-	29
	<hr/> 29	<hr/> 29
	<hr/> <hr/>	<hr/> <hr/>

During the year £29,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £35,000).

16 Contingencies

At 31 December 2016, there was an unlimited multilateral guarantee dated 28 April 2016 given by the company, its parent RSBP Limited and the company's fellow subsidiaries. The available facility subject to the guarantee at 31 December 2016 was £5,000,000 (2015: £3,750,000).

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Intercede Holdco Limited which is the ultimate controlling party.

The smallest and largest group in which the results of the Company are consolidated is that headed by Intercede Holdco Limited, incorporated in England & Wales. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff DF14 3UZ.