

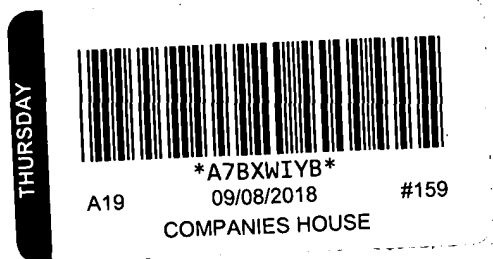
Global Ceramic Materials Limited

Annual Report and Audited Financial Statements

Year Ended

31 December 2017

Company Number 03306838



Global Ceramic Materials Limited

Company Information

Directors	T B Versterre A S Brindley D I Slinn
Company secretary	A J Clarke
Registered number	03306838
Registered office	Milton Works Diamond Crescent Milton Stoke on Trent Staffordshire ST2 7PX
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Global Ceramic Materials Limited

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Global Ceramic Materials Limited

Strategic Report For the Year Ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

Business review

The overall result for the year 2017 was considered reasonably satisfactory although profit for the year somewhat lower than 2016. The primary reason for the difference being due to FX differences post the Brexit referendum and an exceptional group I.T. charge.

The total value of our sales was higher than 2016, but product mix, pricing pressures and slightly lower gross margins led to lower operating profitability from the higher sales revenue. The sales performance highlighted our continuing penetration and dominance of the Premium Bone China materials market. There was a continuation of the on-going efforts to improve effectiveness of the operations and to control operating costs which were below the budgeted levels but higher than the previous year mainly due to unforeseen significant increases in the cost of carriage and freight.

There is continuing uncertainty in some markets due to the economic & political conditions particularly in the Eurozone after the decision by the United Kingdom to leave the European Union, although the improvements during recent months in economic growth in Europe and the world are a positive sign. Although bone price volatility and intermittent shortages continue to affect the market, our group supply position continues to give added security to raw materials availability and price stability.

The worldwide ceramics tableware market is somewhat more volatile than it has been in the last few years and we expect this to continue into 2018. There is increasing interest from tableware manufacturers in Bone China production. We expect demand for our products to remain at similar levels to 2017 and it is anticipated that this current trend will continue through 2018 although month to month there may be more volatility than 2017.

As a result of this the Directors continue to be generally optimistic about medium to longer term market prospects, although given the continuing economic uncertainty within the Eurozone and the reality of the UK leaving the EU this along the possibility of Protectionist Trade Policy in the USA and possible adverse affects on the World economy, the Directors remain cautious in the shorter term.

The operating profit for the year was £860,713 (2016: £971,639).

Business risks

The key business risks and uncertainties facing the company are considered to relate to such items as trade debtors and trade creditors that arise directly from its operations. With regards to trade debtors the Company maintains a comprehensive credit insurance policy and through this we are able to monitor risk related to our customer base.

The Company does not operate to a great extent in overseas currencies other than US Dollars and Euros.

Foreign exchange trading is conducted through the group treasury facility therefore currency fluctuations and risks are managed and controlled. Major raw materials are purchased in Euros and sales to a number of our larger customers are in Euros.

Global Ceramic Materials Limited

Strategic Report (continued) For the Year Ended 31 December 2017

Financial key performance indicators

The company utilises a number of qualitative and quantitative indicators to monitor and improve performance. They include value drivers such as Return on Capital Employed, Return on Sales, Capital Turnover. The Cash Conversion Cycle is monitored to ensure maximum positive cash flows.

The Arc Plan business intelligence system allows highly effective interrogation of sales performance and trends.

The company also closely monitors Added Value, Gross margins and EBITA to ensure that adequate sales margins are maintained.

This report was approved by the board on 19th July 2018 and signed on its behalf.



A S Brindley
Director

Global Ceramic Materials Limited

Directors' Report For the Year Ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Principal activity

The company's principal activity is the supply of calcined bone and prepared bone china body to the ceramics tableware market.

Results and dividends

The profit for the year, after taxation, amounted to £675,622 (2016 - £757,627).

The directors do not recommend the payment of a dividend (2016 - £Nil).

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 1-2 of these financial statements.

Directors

The directors who served during the year were:

T B Versterre
A S Brindley
D I Slinn

Future developments

We continue to explore further markets across the world, working with major manufacturers to introduce and extend our range of products.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post statement of financial position events

There have been no significant events affecting the company since the year end.

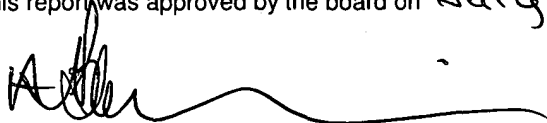
Global Ceramic Materials Limited

Directors' Report (continued) For the Year Ended 31 December 2017

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on July 19th 2018 and signed on its behalf.



A S Brindley
Director

Global Ceramic Materials Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2017

The directors are responsible for preparing the strategic report, the directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the audited 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 the audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Global Ceramic Materials Limited

Independent Auditor's Report to the Members of Global Ceramic Materials Limited

Opinion

We have audited the financial statements of Global Ceramic Materials Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended; and
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Global Ceramic Materials Limited

Independent Auditor's Report to the Members of Global Ceramic Materials Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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.

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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Global Ceramic Materials Limited

Independent Auditor's Report to the Members of Global Ceramic Materials Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

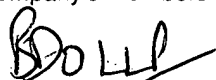
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.



Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

24 July 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Global Ceramic Materials Limited

Statement of Comprehensive Income For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	8,046,844	7,497,954
Cost of sales		(3,667,921)	(3,186,159)
Gross profit		4,378,923	4,311,795
Administrative expenses		(3,518,461)	(3,343,663)
Other operating income	5	1,152	3,507
Other operating charges		(901)	-
Operating profit	6	860,713	971,639
Interest receivable and similar income	9	12,871	6,901
Interest payable and expenses	10	(14)	(2,000)
Other finance income costs		(8,000)	(2,000)
Profit before tax		865,570	974,540
Tax on profit	12	(189,948)	(216,913)
Profit for the financial year		675,622	757,627
Other comprehensive income for the year			
Actuarial losses on defined benefit pension scheme		(43,000)	(335,000)
Movement of deferred tax relating to pension surplus		7,310	56,950
Other comprehensive loss for the year		(35,690)	(278,050)
Total comprehensive income for the year		639,932	479,577

The notes on pages 12 to 28 form part of these financial statements.

Global Ceramic Materials Limited
Registered number: 03306838

Statement of Financial Position
As at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	14		2,523,736		2,507,624
			<u>2,523,736</u>		<u>2,507,624</u>
Current assets					
Stocks	15	946,062		1,000,716	
Debtors: amounts falling due within one year	16	3,569,158		2,594,689	
Cash at bank and in hand		989		202,595	
		<u>4,516,209</u>		<u>3,798,000</u>	
Creditors: amounts falling due within one year	17	(803,712)		(663,845)	
Net current assets			<u>3,712,497</u>		<u>3,134,155</u>
Total assets less current liabilities			<u>6,236,233</u>		<u>5,641,779</u>
Provisions for liabilities					
Deferred tax	18	(115,532)		(81,010)	
			<u>(115,532)</u>		<u>(81,010)</u>
Pension liability			<u>(282,000)</u>		<u>(362,000)</u>
Net assets			<u><u>5,838,701</u></u>		<u><u>5,198,769</u></u>
Capital and reserves					
Called up share capital	19		5,000		5,000
Share premium account	20		995,000		995,000
Profit and loss account	20		4,838,701		4,198,769
			<u><u>5,838,701</u></u>		<u><u>5,198,769</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



A S Brindley
Director

19 July 2018

The notes on pages 12 to 28 form part of these financial statements.

Global Ceramic Materials Limited

Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	5,000	995,000	4,198,769	5,198,769
Comprehensive income for the year				
Profit for the year	-	-	675,622	675,622
Actuarial losses on pension scheme (net of deferred tax)	-	-	(35,690)	(35,690)
Total comprehensive income for the year	-	-	639,932	639,932
Total transactions with owners	-	-	-	-
At 31 December 2017	5,000	995,000	4,838,701	5,838,701

Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	5,000	995,000	3,719,192	4,719,192
Comprehensive income for the year				
Profit for the year	-	-	757,627	757,627
Actuarial losses on pension scheme (net of deferred tax)	-	-	(278,050)	(278,050)
Other comprehensive loss for the year	-	-	(278,050)	(278,050)
Total comprehensive income for the year	-	-	479,577	479,577
At 31 December 2016	5,000	995,000	4,198,769	5,198,769

The notes on pages 12 to 28 form part of these financial statements.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. General information

Global Ceramic Materials Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Darling International Incorporated as at 31 December 2017 and these financial statements may be obtained from 251 O' Connor Ridge, Ste 300, Irving, TX 75038, United States of America.

2.3 Going concern

The directors have prepared and reviewed financial forecasts of the company for the 12 months from the date of approval of the financial statements. Having regard to these forecasts, together with the cash funds available to the company and the support available from its parent company, the directors consider that the company will have sufficient funds to meet all liabilities as they fall due. On this basis, the financial statements have been prepared on a going concern basis.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill is capitalised and amortised through the statement of comprehensive income over the directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Freehold buildings	- 2.5% per annum
Plant, machinery and motor vehicles	- 8-20% per annum
Fixtures and fittings	- 8-10 % per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.7 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.11 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 14)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Stock absorption (see note 15)**
The company makes judgements as to which overhead costs are absorbed into the historical cost of stock.
- **Pension (see note 21)**
The company is part of a group defined benefit pension scheme. Annually the company engages independent actuaries to calculate the defined benefit obligation using accepted and appropriate valuation techniques.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2017 £	2016 £
United Kingdom	910,917	898,461
Rest of Europe	1,699,807	1,902,842
Rest of the world	5,436,120	4,696,651
	<u>8,046,844</u>	<u>7,497,954</u>

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Notes to the Financial Statements For the Year Ended 31 December 2017

5. Other operating income

	2017 £	2016 £
Other operating income	1,152	3,507

6. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	201,733	223,575
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	14,750	14,750
Difference on foreign exchange	15,537	(100,854)
Operating lease expense	85,295	83,190

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	As restated 2016 £
Wages and salaries	1,322,840	1,291,679
Social security costs	126,315	122,148
Other pension costs	83,126	79,256
	1,532,281	1,493,083

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration, sales and operations	51	48

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Notes to the Financial Statements For the Year Ended 31 December 2017

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>141,320</u>	<u>145,785</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined benefit pension schemes.

9. Interest receivable and similar income

	2017 £	2016 £
Interest receivable from group companies	<u>12,871</u>	<u>6,901</u>

10. Interest payable and expense

	2017 £	2016 £
Bank interest payable	<u>14</u>	<u>2,000</u>

11. Other finance costs

	2017 £	2016 £
Net interest on net defined benefit liability	<u>8,000</u>	<u>2,000</u>

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Notes to the Financial Statements For the Year Ended 31 December 2017

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	139,187	171,937
Adjustments in respect of previous periods	8,929	(5,167)
Total current tax	148,116	166,770
Deferred tax		
Origination and reversal of timing differences	41,832	44,542
Adjustments in respect of prior periods	-	11,097
Changes to tax rates	-	(5,496)
Total deferred tax	41,832	50,143
Taxation on profit on ordinary activities	189,948	216,913

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	865,570	974,540
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	166,622	194,908
Effects of:		
Expenses not deductible for tax purposes	9,746	7,211
Fixed asset differences	10,179	22,220
Amounts (charged)/credited directly to equity or otherwise transferred	(8,276)	(67,000)
Adjustments to tax charge in respect of prior periods	8,929	(5,167)
Adjustments to tax charge in respect of prior periods - deferred tax	-	11,097
Deferred tax (charged)/credited directly to equity	7,310	53,644
Adjust closing deferred tax to average rate of 19.25	(15,268)	-
Adjust opening deferred tax charge to average rate of 19.25	10,706	-
Total tax charge for the year	189,948	216,913

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

12. Taxation (continued)

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

13. Intangible fixed assets

Cost and Amortisation at 1 January and 31 December 2017 was £487,507. Therefore the NBV at both dates was £Nil.

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2017	2,295,150	2,363,654	16,013	159,970	4,834,787
Additions	13,839	234,365	-	29,405	277,609
Disposals	-	-	-	(59,764)	(59,764)
At 31 December 2017	2,308,989	2,598,019	16,013	129,611	5,052,632
Depreciation					
At 1 January 2017	847,361	1,395,436	16,012	68,354	2,327,163
Charge for the year	52,888	143,940	-	4,905	201,733
At 31 December 2017	900,249	1,539,376	16,012	73,259	2,528,896
Net book value					
At 31 December 2017	1,408,740	1,058,643	1	56,352	2,523,736
At 31 December 2016	1,447,789	968,218	1	91,616	2,507,624

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Notes to the Financial Statements For the Year Ended 31 December 2017

15. Stocks

	2017 £	2016 £
Raw materials	214,048	250,590
Work in progress	221,282	206,623
Finished goods and goods for resale	510,732	543,503
	<u>946,062</u>	<u>1,000,716</u>

Stock recognised in cost of sales during the year as an expense was £2,844,704 (2016 - £2,651,000).

An impairment loss of £Nil (2016 - £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	2017 £	2016 £
Trade debtors	950,984	713,557
Amounts owed by group undertakings	2,438,407	1,707,264
Other debtors	94,856	105,598
Prepayments and accrued income	84,911	68,270
	<u>3,569,158</u>	<u>2,594,689</u>

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	200,479	166,559
Amounts owed to group undertakings	235,324	120,431
Corporation tax	87,867	119,705
Other taxation and social security	52,489	49,510
Other creditors	941	18,468
Accruals and deferred income	226,612	189,172
	<u>803,712</u>	<u>663,845</u>

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

18. Deferred taxation

	2017 £
At beginning of year	81,010
Charged to profit or loss	3,105
Charged to other comprehensive income	31,417
At end of year	115,532

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	163,868	142,977
Short term timing differences	(48,336)	(61,967)
	115,532	81,010

19. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	5,000	5,000

20. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

21. Pension commitments

Defined contribution pension scheme:

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,126 (2016 - £25,256). Contributions totalling £Nil (2016 - £Nil) were payable to the fund at the reporting date.

Define benefit pension scheme:

The Global Ceramic Materials Limited Retirement Benefits Scheme is a defined benefit scheme, providing benefits at retirement and on death in service. The most recent full actuarial valuation of the scheme was as at 30 November 2016 by a qualified independent actuary, the next one being due on 30 November 2017. The benefit structure has not changed since the valuation. The scheme is closed to new entrants and the age profile of active members will increase over time. Under the projected unit method used for FRS 102, the current service cost as a percentage of salary will increase as active members of the scheme approach retirement. The company expects to contribute £190,000 to its defined benefit pension scheme in 2018.

The major assumptions used by the actuary in calculating the liability under FRS 102 at 31 December 2017 are listed below.

	2017 £	2016 £
Reconciliation of present value of plan liabilities:		
At the beginning of the year	(3,330,000)	(2,808,000)
Current service cost	(64,000)	(54,000)
Interest cost	(99,000)	(102,000)
Actuarial losses	(159,000)	(442,000)
Benefits paid	71,000	76,000
At the end of the year	(3,581,000)	(3,330,000)

Composition of plan liabilities:

	2017 £	2016 £
Schemes wholly or partly funded	(3,581,000)	(3,330,000)

Global Ceramic Materials Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

21. Pension commitments (continued)

Reconciliation of fair value of plan assets:

	2017 £	2016 £
At the beginning of the year	2,968,000	2,643,000
Interest cost	91,000	100,000
Actuarial losses	116,000	107,000
Contributions	195,000	194,000
Benefits paid	(71,000)	(76,000)
At the end of the year	3,299,000	2,968,000

Composition of plan assets:

	2017 £	2016 £
Equity	1,623,000	1,353,000
Bonds	392,000	396,000
Cash	289,000	238,000
Insured pensions	995,000	981,000
Total plan assets	3,299,000	2,968,000

Actual return on plan assets	207,000	207,000
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	2017 £	2016 £
Fair value of plan assets	3,299,000	2,968,000
Present value of plan liabilities	(3,581,000)	(3,330,000)
Net pension scheme liability	(282,000)	(362,000)

The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Current service cost	(64,000)	(54,000)
Interest on obligation	(8,000)	(2,000)
Total	(72,000)	(56,000)

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Notes to the Financial Statements For the Year Ended 31 December 2017

21. Pension commitments (continued)

Amounts included in other finance costs:

	2017 £	2016 £
Net interest cost	8,000	2,000

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £1,138,000 (2016 - £1,095,000).

	2017 £	2016 £
Analysis of actuarial loss recognised in other comprehensive income		
Actual return less interest income included in net interest income	116,000	107,000
Experience gains and losses arising on the scheme liabilities	33,000	53,000
Changes in assumptions underlying the present value of the scheme liabilities	(192,000)	(495,000)
	(43,000)	(335,000)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	2.7	3.0
Future salary increases	4.1	4.1
Retail Price Index	3.6	3.6
Mortality rates		
	Years	Years
- for a male aged 65 now	20.9	20.8
- at 65 for a male aged 45 now	22.6	22.5
- for a female aged 65 now	23.1	23.1
- at 65 for a female member aged 45 now	25.0	24.9

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Notes to the Financial Statements For the Year Ended 31 December 2017

21. Pension commitments (continued)

Amounts for the current and previous periods are as follows:

Defined benefit pension schemes

	2017	2016
	£	£
Defined benefit obligation	(3,581,000)	(3,330,000)
Scheme assets	3,299,000	2,968,000
Deficit	(282,000)	(362,000)

22. Commitments under operating leases

At 31 December 2017 and 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£	£
Not later than 1 year	64,252	66,294
Later than 1 year and not later than 2 years	131,186	145,547
Later than 5 years	735	-
	196,173	211,841

23. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Sonac Vuren BV, registered in The Netherlands. The ultimate parent company is Darling International Incorporated which is incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Darling International Incorporated. No other group accounts include the results of the company. The consolidated accounts of this company are available to the public and may be obtained from 251 O' Connor Ridge, Ste 300, Irving, TX 75038, United States of America.