

Registration number: 04421711

# RAK Ceramics UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

SATURDAY



\*A6ZZPH0B\*

A11

17/02/2018

#132

COMPANIES HOUSE

# **RAK Ceramics UK Limited**

## **Contents**

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 20

## **RAK Ceramics UK Limited**

### **Company Information**

**Directors**            Mr Robert Morrish  
                              Mr Alvin Biggs  
                              Mr Abdallah Massaad

**Registered office**   Ashcombe Court  
                              Woolsack Way  
                              Godalming  
                              Surrey  
                              GU7 1LQ

**Auditors**            Roffe Swayne  
                              Ashcombe Court  
                              Woolsack Way  
                              Godalming  
                              Surrey  
                              GU7 1LQ

## RAK Ceramics UK Limited

### Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

#### Fair review of the business

RAK Ceramics UK Limited had a strong revenue performance during 2017. Sales increased by £3.7m (41%). This was largely due to a new focus on the projects market rather than just the wholesale market. A projects division has been set up and already in 2018 we are getting promising enquiries which we anticipate will lead to further growth. There was a £718k (351%) increase in furniture sales sourced from the Far East and a £241k increase in Resort Wall Hung Pans from a small base.

The major increase in overheads which have grown by £332k 9% was in commissions paid to staff as a result of the exceptional sales increases. Our delivery costs have also increased as we have had to hire additional vans and temporary drivers to service the sales demand. Additionally local senior management have been given enhanced European responsibilities which gave rise to a substantial increase in foreign travel and subsistence.

We remain confident for the outlook for 2018.

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

	Unit	2017	2016
Total sales growth in the year	%	41	(3)
Gross margin	%	32	32
Profit/(loss) before tax	£	125,000	(464,000)
Debtor days	Days	65	65

#### Principal risks and uncertainties

The risks and uncertainties that the Board considers to be of most significance to our planned strategy are as follows;

Reputational damage or loss of confidence in the brand. We mitigate this by ensuring that all the products we ship are of high quality and perform the tasks for which the customer acquired them.

Sanitaryware and tile products are affected by changes in consumer tastes, brand relevance and consumer spending power. We place a strong focus on new product development to ensure that our range offering is technically up to date and reflects the latest innovations in design and fashion.

The RAK factory in the UAE may not have the capacity to produce sufficient volumes of sanitaryware to feed our continuing expansion. This is kept under regular review with UAE management and staff.

Data protection, security and IT systems and infrastructure. Significant failure in the IT processes or inappropriate security and safeguards could lead to a loss of data and an inability to process sales. We use third parties to regularly monitor and maintain the integrity of our IT systems and infrastructure. All our desktops and laptops are protected with antivirus and antimalware software.

## RAK Ceramics UK Limited

### Strategic Report for the Year Ended 31 December 2017

There is a risk that we are unable to attract, retain and motivate staff of the calibre we require. We invest time and money in training our staff and pay competitive salaries and well-structured bonuses to encourage our employees to excel.

Ensuring the company has appropriate internal controls, policies and practices. The company reviews these on a regular basis.

An over-reliance on 2 or 3 suppliers for the large majority of our product supplies. We have strong relationships with both of our major suppliers and there are regular reviews and meetings to minimise any risk to the supply chain.

#### Financial instruments

##### *Objectives and policies*

The Company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the Company's financial assets and liabilities, reported profitability or the cash flows of the Company.

The Company's principal financial liabilities comprise intercompany loans and finance leases. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Company has not entered into any derivative transactions and the Company's policy is that no trading in derivatives shall be undertaken.

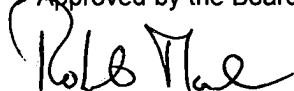
The Company's main treasury risks relate to the availability of funds to meet its future requirements and fluctuations in interest rates. The treasury policy of the Company is determined and monitored by the Board. The Company monitors its cash resources through short, medium and long-term cash forecasting, against available facilities. Surplus short term cash is pooled into an interest bearing account with the Company's bankers.

The main risks arising from the Company's financial instruments are credit risk, price risk, liquidity risk and cash flow interest rate risk.

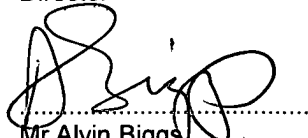
The Company reviews and agrees policies for managing each of these risks.

#### ON BEHALF OF THE BOARD:

Approved by the Board on 2.1.18 and signed on its behalf by:



.....  
Mr Robert Morrish  
Director



.....  
Mr Alvin Biggs  
Director

## RAK Ceramics UK Limited

### Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

#### Directors of the company

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

Mr Robert Morrish

Mr Alvin Biggs

Mr Abdallah Massaad

Mr Damian Andrew Shaw (resigned 4 August 2017)

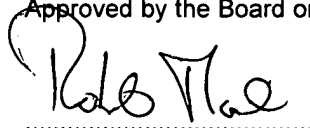
#### Principal activity

The principal activity of the company is that of the sale of sanitaryware, tiles and other bathroom goods.

#### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 2-1-18 and signed on its behalf by:



Mr Robert Morrish  
Director



Mr Alvin Biggs  
Director

## **RAK Ceramics UK Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

## **RAK Ceramics UK Limited**

### **Independent Auditor's Report to the Members of RAK Ceramics UK Limited**

#### **Opinion**

We have audited the financial statements of RAK Ceramics UK Limited (the 'Company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 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.

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;
- 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.

#### **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.



## **RAK Ceramics UK Limited**

### **Independent Auditor's Report to the Members of RAK Ceramics UK Limited**

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.

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

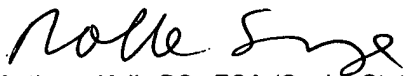
## RAK Ceramics UK Limited

### Independent Auditor's Report to the Members of RAK Ceramics UK Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Anthony Kelly BSc FCA (Senior Statutory Auditor)  
For and on behalf of Roffe Swayne  
Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

Date: 15 FEBRUARY 2018

# **RAK Ceramics UK Limited**

## **Statement of Comprehensive Income for the Year Ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	3	12,810,946	9,106,787
Cost of sales		<u>(8,678,008)</u>	<u>(6,282,464)</u>
Gross profit		4,132,938	2,824,323
Administrative expenses		<u>(3,994,807)</u>	<u>(3,273,535)</u>
Operating profit/(loss)		<u>138,131</u>	<u>(449,212)</u>
Other interest receivable and similar income		-	15
Interest payable and similar charges		<u>(13,128)</u>	<u>(14,603)</u>
		<u>(13,128)</u>	<u>(14,588)</u>
Profit/(loss) before tax		125,003	(463,800)
Tax on profit/(loss) on ordinary activities	6	<u>(31,841)</u>	<u>90,025</u>
Profit/(loss) for the year		<u>93,162</u>	<u>(373,775)</u>
Total comprehensive income for the year		<u>93,162</u>	<u>(373,775)</u>

The above results were derived from continuing operations.

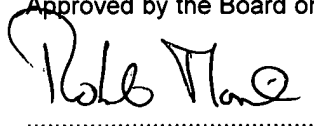
The notes on pages 12 to 20 form an integral part of these financial statements.

# RAK Ceramics UK Limited

(Registration number: 04421711)  
Balance Sheet as at 31 December 2017

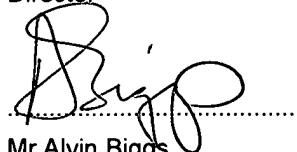
	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	7	166,941	285,411
Investments	8	<u>2,524,399</u>	<u>2,524,399</u>
		<u>2,691,340</u>	<u>2,809,810</u>
<b>Current assets</b>			
Stocks	9	1,539,690	1,341,884
Debtors	10	3,304,470	2,139,645
Cash at bank and in hand		<u>164,734</u>	<u>203,816</u>
		5,008,894	3,685,345
<b>Creditors: Amounts falling due within one year</b>	11	<u>(4,724,967)</u>	<u>(3,584,806)</u>
<b>Net current assets</b>		<u>283,927</u>	<u>100,539</u>
<b>Total assets less current liabilities</b>		2,975,267	2,910,349
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>-</u>	<u>(28,244)</u>
<b>Net assets</b>		<u>2,975,267</u>	<u>2,882,105</u>
<b>Capital and reserves</b>			
Called up share capital	13	2,600,200	2,600,200
Profit and loss account		<u>375,067</u>	<u>281,905</u>
<b>Shareholders' funds</b>		<u>2,975,267</u>	<u>2,882,105</u>

Approved by the Board on 2.1.18 and signed on its behalf by:



Mr Robert Morrish

Director



Mr Alvin Biggs

Director

# **RAK Ceramics UK Limited**

## **Statement of Changes in Equity for the Year Ended 31 December 2017**

	Share capital £	Retained earnings £	Total £
At 1 January 2016	2,600,200	655,680	3,255,880
Loss for the year	-	(373,775)	(373,775)
Total comprehensive income	-	(373,775)	(373,775)
At 31 December 2016	2,600,200	281,905	2,882,105
	Share capital £	Retained earnings £	Total £
At 1 January 2017	2,600,200	281,905	2,882,105
Profit for the year	-	93,162	93,162
Total comprehensive income	-	93,162	93,162
At 31 December 2017	2,600,200	375,067	2,975,267

The notes on pages 12 to 20 form an integral part of these financial statements.

# **RAK Ceramics UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

The principal place of business is:

Bradford House  
Frenchmans Road  
Petersfield  
Hampshire  
GU32 3AW

### **2 Accounting policies**

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The Directors confirm that they have received assurances from Ras Al Khaimah Ceramics PSC that repayments due to them will not be sought beyond the levels that are sustainable within the company's projected cash flows.

#### **Summary of disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.

Please see note 17 for information regarding the ultimate parent company.

#### **Turnover**

Turnover is measured at fair value of the consideration received or receivable and comprises the invoiced value of wholesale and showroom sales plus commissions earned, net of value added tax. Revenue is recognised at the point of dispatch.

The notes on pages 12 to 20 form an integral part of these financial statements.

## **RAK Ceramics UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **Tangible assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss. Cost includes the original purchase price and any costs attributable to bringing the asset to its working condition for its intended use.

Residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

#### **Depreciation and residual values**

Tangible fixed assets are depreciated on a straight line basis to their estimated residual values over their estimated useful lives as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Short leasehold	over the term of the lease
Fixtures and fittings	15% on cost
Motor vehicles	25% on cost
Computer equipment	33% on cost

#### **Stock**

Stock comprises finished goods and goods for resale and is stated at the lower of cost and fair value. Fair value represents estimated selling price less costs to complete and sell. Cost is determined on a first in first out basis and includes the original purchase price and any costs attributable to bringing the stock to its present location and condition.

The company considers each stock line on an individual basis to determine whether a provision is required.

#### **Tax**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all material timing differences at the balance sheet date.

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

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Foreign currency transactions and balances**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The notes on pages 12 to 20 form an integral part of these financial statements.

## **RAK Ceramics UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

#### **Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Other short-term employee benefits, including holiday pay and non-monetary benefits, are recognised as an expense in the profit and loss account when the service is received.

#### **Debtors**

Short term debtors are measured at transaction value less any impairment.

At each balance sheet date, debtors are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is measured as the difference between the carrying amount and the amount expected to be received.

#### **Creditors**

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

#### **Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **Judgements and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### **Depreciation and residual values**

The annual depreciation charge is sensitive to changes in the estimated useful lives and residual values of assets. The useful lives and residual values are re-assessed annually and amended where necessary.



## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### Operating lease commitments

The company has entered into commercial property leases as a lessee and it obtains use of property, plant and equipment as well as motor vehicles. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

#### Stock provisions

Stocks have been valued on the basis described in the accounting policy. The company has considered each stock line on an individual basis to determine whether a provision is required.

### 3 Turnover

The analysis of the company's turnover for the year by class of business is as follows:

	2017 £	2016 £
Sanitaryware	7,371,475	5,319,752
Tiles	2,832,304	2,294,560
Commission	536,363	753,228
Other	2,070,804	739,247
	<u>12,810,946</u>	<u>9,106,787</u>

### 4 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	2,043,048	1,625,711
Social security costs	188,296	170,803
Other pension costs	62,656	43,298
	<u>2,294,000</u>	<u>1,839,812</u>

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

	2017 No.	2016 No.
Production	20	17
Administration and support	25	26
Sales	6	7
Distribution	4	3
	<u>55</u>	<u>53</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

# **RAK Ceramics UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **5 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration	328,932	347,891
Contributions paid to money purchase schemes	17,250	13,365
	<u>346,182</u>	<u>361,256</u>

The number of directors to whom retirement benefits were accruing was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>3</u>

In respect of the highest paid director:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration	157,925	147,785
Company contributions to money purchase pension schemes	5,455	4,090

### **6 Income tax**

Tax charged/(credited) in the profit and loss account

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	45,000	(49,278)
UK corporation tax adjustment to prior periods	(13,159)	253
	<u>31,841</u>	<u>(49,025)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>-</u>	<u>(41,000)</u>
Tax expense/(receipt) in the profit and loss account	<u>31,841</u>	<u>(90,025)</u>

# RAK Ceramics UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2017

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit/(loss) before tax	125,003	(463,800)
Corporation tax at standard rate	24,063	(92,760)
Adjustments in respect of prior periods	(13,159)	253
Tax increase from capital allowances and depreciation	5,651	5,672
Expenses not deductible in determining taxable profit	1,866	3,102
Other tax adjustments	13,420	(6,292)
Total tax charge/(credit)	31,841	(90,025)

### 7 Tangible assets

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2017	477,206	125,651	255,405	172,863	1,031,125
Additions	27,191	900	-	76,077	104,168
Disposals	-	-	(92,788)	-	(92,788)
At 31 December 2017	504,397	126,551	162,617	248,940	1,042,505
<b>Depreciation</b>					
At 1 January 2017	330,140	124,712	144,239	146,623	745,714
Charge for the year	131,824	1,266	46,808	15,631	195,529
Eliminated on disposal	-	-	(65,679)	-	(65,679)
At 31 December 2017	461,964	125,978	125,368	162,254	875,564
<b>Carrying amount</b>					
At 31 December 2017	42,433	573	37,249	86,686	166,941
At 31 December 2016	147,066	939	111,166	26,240	285,411

The notes on pages 12 to 20 form an integral part of these financial statements.

## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Short leasehold	37,153	110,544
Motor vehicles	5,585	16,745
	<u>42,738</u>	<u>127,289</u>

#### 8 Investments

##### Subsidiaries

£

##### Cost or valuation

At 1 January 2017

2,524,399

At 31 December 2017

2,524,399

##### Carrying amount

At 31 December 2017

2,524,399

#### 9 Stock

	2017 £	2016 £
Finished goods and goods for resale	<u>1,539,690</u>	<u>1,341,884</u>

#### 10 Trade and other debtors

	2017 £	2016 £
Trade debtors	2,897,504	1,920,511
Amounts owed by group undertakings	-	2,285
Prepayments	354,072	79,718
Other debtors	52,894	37,131
Tax	-	100,000
Total current trade and other debtors	<u>3,304,470</u>	<u>2,139,645</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

# RAK Ceramics UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 11 Trade and other creditors

	2017 £	2016 £
Trade creditors	4,377,066	3,316,791
Accrued expenses	168,349	107,983
Social security and other taxes	146,725	95,614
Other creditors	8,142	7,011
Hire purchase contracts	24,685	57,407
	<u>4,724,967</u>	<u>3,584,806</u>

### 12 Loans and borrowings

	2017 £	2016 £
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	-	28,244

### 13 Share capital

#### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	2,600,198	2,600,198	2,600,198	2,600,198
Ordinary 'B' shares of £1 each	1	1	1	1
Ordinary 'C' shares of £1 each	1	1	1	1
	<u>2,600,200</u>	<u>2,600,200</u>	<u>2,600,200</u>	<u>2,600,200</u>

### 14 Obligations under leases and hire purchase contracts

#### Finance leases

	Minimum lease payments £	Interest £	Present value £
<b>2017</b>			
Within one year	<u>27,200</u>	<u>(2,515)</u>	<u>24,685</u>
	Minimum lease payments £	Interest £	Present value £
<b>2016</b>			
Within one year	63,373	(5,966)	57,407
In two to five years	<u>30,881</u>	<u>(2,637)</u>	<u>28,244</u>
	<u>94,254</u>	<u>(8,603)</u>	<u>85,651</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

## RAK Ceramics UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

The present values of future finance lease payments are analysed as follows:

	2017 £	2016 £
Current liabilities	24,685	57,407
Non-current liabilities	-	28,244
	<u>24,685</u>	<u>85,651</u>

#### Operating leases

The total future value of minimum lease payments is as follows:

	2017 £	2016 £
Within one year	239,664	241,850
In two to five years	663,696	306,299
In over five years	31,250	-
	<u>934,610</u>	<u>548,149</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £219,908 (2016 - £186,834)

#### 15 Secured debts

The following secured debts are included within creditors:

	2017 £	2016 £
Hire purchase contracts	<u>24,685</u>	<u>85,651</u>

Hire purchase contracts are secured against the assets to which they relate.

#### 16 Commitments

##### Pension commitments

The company operates a defined contribution pension scheme. The total pension cost during the year was £62,656 (2016: £43,298). At the year end £8,142 (2016: £7,011) was payable into the pension scheme, and is included in Other Creditors.

#### 17 Ultimate controlling party

The ultimate parent is Ras Al Khaimah Ceramics PJSC. Their financial statements are available upon request from P.O. Box 4714, Al Jazeera Al Hamra City, Ras Al Khaimah, United Arab Emirates. The company is listed on Abu Dhabi Securities Exchange, UAE.

The ultimate controlling party is Ras Al Khaimah Ceramics PJSC, a company incorporated in the United Arab Emirates.

The notes on pages 12 to 20 form an integral part of these financial statements.