

IBP Global Trading Limited

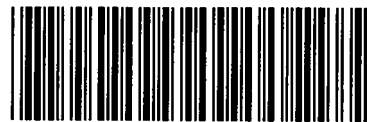
Report and financial statements

Year ended

31 December 2014

Company number: 07577071

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IBP Global Trading Limited

Annual report and financial statements
For the year ended 31 December 2014

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Country of incorporation of parent company:	England
Legal form:	Limited
Registered office:	Global House, 95 Vantage Point, Pensnett Trading Estate, Kingswinford, West Midlands, DY6 7FT
Company number:	07577071
Directors:	Manoucher Salehi Bakhtiari Chih-Fan Tang
Auditors:	BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

IBP Global Trading Limited

Strategic report For the year ended 31 December 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2014.

Review of Business

The trading result of the group continues to improve with a pre tax profit of £4,175k being declared compared to £857k in 2013. This improvement is a result of significantly stronger trading performances from the new markets the group has been cultivating since 2012. These improvements led to a 9.5% growth in revenues which together with the tight control of fixed costs meant the volume addition fed through to the net profit result. In addition to the new markets the group continued to strengthen its relationships with its traditional customer base in the domestic and European fields. New longer term supply contracts have been agreed with emphasis on cooperation between the group's main trading entities and their customers in a partnership beneficial to both parties. During the year the control of cash has been fundamental to the business as it negotiated new facilities with HSBC Commercial Finance under the umbrella of replacing the expiring contract with Fortis Commercial Finance in place since 2011. This new facility increases the capacity of the Group to borrow against the majority of its working capital assets and therefore the quality of its debtors and stock is crucial to the smooth running of this facility.

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

	2014 000s	2013 000s	Change
Turnover	108,433	99,001	9.5%
Operating Profit	4,175	857	387%
Profit for the Year	2,324	8,439*	(73)%
Shareholders Equity	25,418	23,094	10.1%
Return on Capital	11.7%	6.1%	5.6%
Debtor days	76	80	5%
Inventory turns	2.6	2.6	-

* 2013 included an exceptional profit of £8,246k relating to the transfer of the groups German operation.

At the end of 2014 the number of days debtors in the group were 76 (2013: 80) reflecting the tight control despite the increase in sales. In addition to this the emphasis was to try and improve the mix of stock in the business without any increase in the overall value of stock. This was achieved through additional focus by the supply chain and the result was that net stock remained constant with stock turns of 2.6 (2013: 2.6). Gross stock did increase as a result of the volume needed to maintain an on time in full level service to the customer. Regarding the service to the customer the group focused its efforts on the level of complete orders it was able to supply to the customer and despite the significant increase in sales there was a small improvement in service compared to previous years. To continue this improvement the group continues to increase the range of products it is able to offer to the market enhancing its position as a global supplier. These developments are supported by a strong product development policy controlled from its head office. During the year the group strengthened its working capital with significant increases in debtors from the additional sales volumes, whilst reducing the level of trade creditors and leaving the company with positive net current assets of £24.3m (2013: (£6.6m)). The improvement in the strength of the Balance sheet and the underlying trading result was seen in the Return on Capital ratio which closed the year at 11.7% significantly better than the 6.1% at the end of 2013.

IBP Global Trading Limited

Strategic report For the year ended 31 December 2014

Principal risks and uncertainties

The group's products are based on a small number of metals where prices can fluctuate considerably over the period. In addition the key metal supplies are priced in US\$ and therefore the group is also exposed to foreign exchange risk. The group seeks to minimise these risks by hedging its supply pricing and foreign exchange in whole or in part wherever it identifies an opportunity to do so. Measures which review the impact of changes in foreign exchange rates and metal prices are also used by the group within their accounts to provide management with suitable detail as to decide future policy on such risks.

Group policies are aimed at minimising credit losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures.

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to board level and with the rates of return and cash payback periods applied as part of a defined investment process.

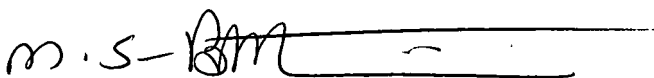
A number of tools are used by the group to monitor these risks with the number day's debtors and creditors together with stock turn providing monthly information to the directors. In addition to these, feedback on service levels is reviewed with the calculated service measures enabling management to quantify the impact of policy changes on the customer experience.

Going concern

The directors have prepared detailed profit & loss and cash flow forecasts for the period to 31 December 2016 and are satisfied that the group will be able to operate within its available bank and other funding facilities for a period of at least 12 months from the date of approval of these financial statements. The directors of the group have received formal confirmation from the directors of its parent company, International Building Products Limited, whereby International Building Products Limited has agreed not to demand repayment of amounts due for at least a year from the date of approval of these financial statements to the extent it would cause the group problems in meeting its liabilities as they fall due and operating within available facilities.

On this basis the directors are satisfied that it is appropriate to continue to prepare the accounts of the group on a going concern basis.

On behalf of the board



Manoucher Salehi Bakhtiari
Director

9 June 2015

IBP Global Trading Limited

Report of the directors for the year ended 31 December 2014

Results and dividends

The consolidated statement of comprehensive income is set out on page 7 and shows the profit for the year.

No dividend is recommended by the directors in respect of the year ended 31 December 2014.

Indemnity provision

Third party indemnity cover for the directors was in place during the financial period and at the period end.

Financial instruments

Details of the use of financial instruments by the Group are contained in note 23 of the financial statements.

Employment of disabled persons

The company and group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee involvement

Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Research and development

The group actively participates in product development through a team at its UK headquarters, supported by teams in the operational facilities in Poland and Spain. It continually seeks to review current production items in addition to new product requests it receives from its customers.

Directors

The directors of the company during the year were:

Manoucher Salehi Bakhtiari
Chih-Fan Tang

IBP Global Trading Limited

Report of the directors for the year ended 31 December 2014 (*continued*)

Directors' responsibilities

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 the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) (United Kingdom Accounting Standards and applicable law).

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

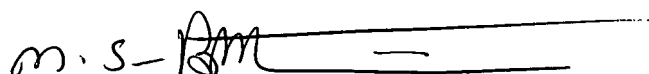
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



Manoucher Salehi Bakhtiari
Director

9 June 2015

IBP Global Trading Limited

Independent auditor's report For the year ended 31 December 2014

To the members of IBP Global Trading Limited

We have audited the financial statements of IBP Global Trading Limited for the year ended 31 December 2014 which comprise the group and company statement of financial position, the group and company statement of other comprehensive income, the group statement of cash flows, the group and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 group's and the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

IBP Global Trading Limited

Independent auditor's report For the year ended 31 December 2014

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

320 LLP
10 June 2015

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

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

IBP Global Trading Limited

Consolidated statement of other comprehensive income for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Revenue	3	108,433	99,001
Cost of sales		88,978	83,058
Gross profit		19,455	15,943
Administrative expenses		5,443	5,406
Distribution expenses		9,289	9,076
Profit from operations	4	4,723	1,461
Finance expense	7	(697)	(630)
Finance income	7	18	26
Share of post-tax loss in equity accounted associates	11	(30)	-
Share of post-tax profits in equity accounted joint ventures	12	161	-
Profit before tax		4,175	857
Tax expense	8	(927)	(482)
Profit from continuing operations		3,248	375
Profit on discontinued operation, net of tax	20	-	8,246
Profit after tax		3,248	8,621
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit pension schemes	21	-	(113)
		-	(113)
<i>Items that will or may be reclassified to profit or loss:</i>			
Exchange gains arising on translation of foreign operations	8	(924)	(69)
		(924)	(69)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		2,324	8,439

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of financial position as at 31 December 2014

<i>Company number 07577071</i>	Note	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Assets				
Current assets				
Inventories	13	30,877	27,350	31,597
Trade and other receivables	14	21,690	22,736	19,466
Cash and cash equivalents		864	2,030	1,432
		<hr/>	<hr/>	<hr/>
		53,431	52,116	52,495
				-
Non-current assets				
Property, plant and equipment	9	9,498	11,593	13,549
Investment property	9	767	-	-
Intangible assets	10	5,887	5,526	5,184
Investments in associated companies	11	151	186	186
Investments in equity-accounted joint ventures	12	159	-	-
Other receivables	14	1,368	1,897	1,843
		<hr/>	<hr/>	<hr/>
		17,830	19,202	20,762
		<hr/>	<hr/>	<hr/>
Total assets		<hr/> 71,261 <hr/>	<hr/> 71,318 <hr/>	<hr/> 73,257 <hr/>

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of financial position as at 31 December 2014 (*continued*)

	Note	31 December 2014 £'000	31 December 2013 £'000	1 January 2013 £'000
Liabilities				
Current liabilities				
Trade and other payables	16	45,277	47,369	50,077
Non-current liabilities				
Obligations under finance leases	17	566	855	1,034
Other payables		-	-	24
Pension liabilities	21	-	-	7,467
		<u>566</u>	<u>855</u>	<u>8,525</u>
Total liabilities		<u>45,843</u>	<u>48,224</u>	<u>58,602</u>
Net assets		<u>25,418</u>	<u>23,094</u>	<u>14,655</u>
Issued capital and reserves attributable to owners of the parent				
Share capital	18	19,800	19,800	19,800
Foreign exchange reserve	19	(1,237)	(313)	(244)
Retained earnings	19	6,855	3,607	(4,901)
Total equity		<u>25,418</u>	<u>23,094</u>	<u>14,655</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 9 June 2015.



Manoucher Salehi Bakhtiari
Director

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of cash flows for the year ended 31 December 2014

	2014 £'000	2013 £'000
Cash flows from operating activities		
Profit for the year	3,248	8,621
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	3,215	3,808
Loss on sale of property, plant and equipment	82	59
Amortisation of intangible fixed assets	198	108
Finance income	(18)	(26)
Finance expense	697	630
Share of post-tax losses of equity accounted associates	30	-
Share of post-tax profits of equity accounted joint ventures	(161)	-
Income tax expense	927	482
Gain on sale of discontinued operation	-	(7,866)
Difference between pension scheme cash contribution and charges	-	(647)
Net finance charge on pension scheme liability		227
	<hr/>	<hr/>
	8,218	5,396
Decrease/(increase) in trade and other receivables	568	(3,660)
(Increase)/decrease in inventories	(4,115)	4,122
Increase/(decrease) in trade and other payables	2,890	(10,184)
Finance income	18	26
Finance costs	(697)	(630)
	<hr/>	<hr/>
Cash generated from operations	6,882	(4,930)
Income taxes paid	(558)	(1,061)
	<hr/>	<hr/>
Net cash flows from operating activities	<hr/> 6,324 <hr/>	<hr/> (5,991) <hr/>

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of cash flows for the year ended 31 December 2014 (continued)

	2014 £'000	2013 £'000
Net cash flows from operating activities brought forward	6,324	(5,991)
Investing activities		
Purchases of property, plant and equipment	(2,383)	(1,761)
Disposal of discontinued operation, net of cash disposed of	-	(172)
Purchase of intangibles	(559)	(450)
	<hr/>	<hr/>
Net cash used in investing activities	(2,942)	(2,383)
Financing activities		
Increase in advances under debt factoring	2,573	2,612
Amounts owed to parent undertaking (paid)/received	(6,797)	6,562
Payments to finance lease creditors	(324)	(202)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(4,548)	8,972
Net (decrease)/increase in cash and cash equivalents	(1,166)	598
Cash and cash equivalents at beginning of year	2,030	1,432
	<hr/>	<hr/>
Cash and cash equivalents at end of year	864	2,030
	<hr/>	<hr/>

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of changes in equity for the year ended 31 December 2014

	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2014	19,800	(313)	3,607	23,094
Comprehensive income for the year				
Profit	-	-	3,248	3,248
Other comprehensive income				
Exchange gains arising on translation of foreign operations	-	(924)	-	(924)
Total comprehensive income for the year	-	(924)	3,248	2,324
31 December 2014	19,800	(1,237)	6,855	25,418

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of changes in equity for the year ended 31 December 2013

	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2013	19,800	(244)	(4,901)	14,655
Comprehensive income for the year				
Profit	-	-	8,621	8,621
Other comprehensive income				
Exchange gains arising on translation of foreign operations	-	(69)	-	(69)
Remeasurements of defined benefit pension schemes	-	-	(113)	(113)
Total comprehensive income for the year	-	(69)	8,508	8,439
31 December 2013	19,800	(313)	3,607	23,094

The notes on pages 14 to 50 form part of these financial statements

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in Pound Sterling (£), which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the net defined benefit liability (refer to individual accounting policies for details).

First time application of IFRS

In the current year the company has adopted IFRSs. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with applicable UK accounting standards. An explanation of the impact of the adoption of IFRSs for the first time is included in note 28.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Going concern

The group has recently agreed facilities of £27m across its range of territories with HSBC Bank. These consist of a UK facility which is confirmed up to June 2017 and facilities in Spain, Italy and Poland which are on a 12 month rolling arrangement. The directors have prepared detailed profit and loss and cash flow forecasts for the period to 31 December 2016 and are satisfied that the group will be able to operate within its available bank and funding facilities for a period of at least 12 months from the date of approval of these financial statements. The directors of the group have received formal confirmation from the directors of its parent company, International Building Products Limited, whereby International Building Products Limited has agreed not to demand repayment of amounts due for at least a year from the date of approval of these financial statements to the extent it would cause the group problems in meeting its liabilities as they fall due and for operating within available facilities.

On this basis the directors are satisfied that it is appropriate to continue to prepare the accounts of the group on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the results of IBP Global Trading Limited and all of its subsidiary undertakings. The acquisition method of accounting was used to consolidate all subsidiary companies with the exception of Conex Universal Limited which was consolidated using merger accounting as it was considered by the directors to be a group reconstruction rather than an acquisition. Results of subsidiaries acquired or disposed of during a period are included in the consolidation from the date of acquisition or up to the date of disposal.

The acquisition of Conex Universal Limited during 2012 did not meet one of the conditions for merger accounting under the Companies Act 2006, namely that consideration be in the form of equity shares issued. However, the Directors considered that the alternative approach of acquisition accounting, with the restatement of separable assets and liabilities to fair values, the creation of goodwill and the inclusion of post reorganisation results only, would not give a true and fair view of the Group's results and financial position, as the substance of the transaction was not the acquisition of a business but a group reconstruction. The Directors considered that it is not practicable to quantify the effect of this departure from the Companies Act 2006 requirements.

Investments in equity accounted joint arrangements

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as a joint venture, where the group has rights to only the net assets of the joint arrangement

In assessing the classification of interests in joint arrangements, the Group considers:

- the structure of the joint arrangement;
- the legal form of joint arrangements structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement;
- any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

Investments in equity accounted associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments are in issue but not yet effective and have not been adopted early in these financial statements.

- Annual Improvements to IFRSs 2010 – 2012 cycle (Endorsed – 1 July 2014);
- Annual Improvements to IFRSs 2010 – 2013 cycle (Endorsed – 1 July 2014);
- Amendments to IAS 16 & IAS 38 – Clarification of acceptable methods of depreciation and amortisation (1 January 2016);
- Annual Improvements to IFRSs 2010 – 2014 cycle (Endorsed – 1 January 2016);
- IFRS 15 Revenue from contracts with customers (1 January 2017);
- IFRS 9 Financial instruments (1 January 2018);
- Disclosure initiative: Amendments to IAS 1 (1 January 2016).

The directors consider that the above will not have a material impact on the financial statements.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for amortisation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Impairment tests on goodwill with indefinite useful economic lives are undertaken annually at the financial year end. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Goodwill (continued)

use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the company's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the company expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	- 2% per annum straight line
Plant and machinery	- 7% - 20% per annum straight line
Fixtures, fittings, tools and equipment	- 7% - 20% % per annum straight line
Assets under construction	- Nil

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Investment property

The Group's investment property is held at cost and depreciated over the useful life of the asset, 33 years.

Rent receivable is spread on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

Inventories

Stocks are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition as follows:

- raw materials - purchase cost determined on a first in-first out basis (FIFO);
- work in progress and finished goods - cost of direct materials and labour plus a measure of attributable overheads which is based on the normal level of activity of the business.

Net realisable value is based on estimated selling price less additional costs to complete and disposal costs.

Financial assets

The Group classifies its financial assets into the categories discussed below. The Group has not classified any of its financial assets as held to maturity or fair value through profit or loss.

Unless otherwise stated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand. Advances secured under debtor factoring financing arrangements are shown within current liabilities in the statement of financial position.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. The Group has not classified any of its liabilities as being held at fair value through profit or loss.

Unless otherwise indicated, the carrying amounts of the company's financial liabilities are a reasonable approximation of their fair values.

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Revenue

Revenue comprises income from the sales of goods which is measured at the fair value of the consideration received or receivable and represents amounts that are receivable in respect of the sale of goods or the provision of services provided in the ordinary course of business and is stated net of discounts and value added tax and other sales related taxes. Customer rebates are treated as a reduction in revenue and recognised in the period to which they relate.

Revenue arising 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

The above criteria are considered to be met when the goods are delivered to the buyer.

Rental income

Rental income receivable is spread on a straight line basis over the period of the lease.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements For the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss in the statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and are credited/(debited) to the foreign exchange reserve.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- actuarial gains and losses;
- return on plan assets (interest exclusive);
- any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

The defined benefit pension schemes were transferred out of the group as part of the disposal of Isartor group on 31 December 2013 – see note 20.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements For the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

Discontinued operations

The results of operations disposed during the prior year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line. This comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group is required to test whether goodwill has suffered any impairment. The recoverable amounts of the trading entities have been determined based on value in use estimations. The use of this method requires the estimation of the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

Impairment of assets

Other intangible assets, investments in joint associates and joint ventures are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted the recoverable amount of the assets is based on the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

Inventory provisions

Group inventory levels are constantly reviewed and, should there be an indication of impairment or obsolescence, the inventory is written down to its assessed net realisable value.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful economic lives based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for appropriateness.

Income taxes

The group recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on the income tax and deferred tax provisions in the period when such determination is made.

Legal claims

The directors have been advised of an ongoing investigation connected to the charging of VAT on specific sales transactions in both post and prior periods of ownership in an overseas business. Management have assessed the exposure to any potential liability through detailed reviews performed by the company tax and legal advisors, as well as ongoing discussions with the relevant tax authority. See note 25 for further information.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

3 Revenue

	2014 £'000	2013 £'000
Revenue arises from:		
Sale of goods	108,426	99,001
Rental income	7	-
	<u>108,433</u>	<u>99,001</u>

Analysis of revenue by country of destination:

United Kingdom	15,536	15,439
Europe	75,977	67,701
Rest of the world	16,920	15,861
	<u>108,433</u>	<u>99,001</u>

4 Profit from operations

	2014 £'000	2013 £'000
Cost of inventories recognised as expensed during the year	64,478	59,596
(Reversal)/write-down of stock to net realisable value	(940)	504
Depreciation of property, plant and equipment	3,215	3,808
Amortisation of intangible assets	198	108
Research and development costs	141	100
Foreign exchange (gains)/losses	327	653
Operating lease expense:		
- Plant and machinery	204	168
- Property	1,525	1,047
Loss on disposal of property, plant and equipment	82	59
Direct operating expenses arising from investment property	13	-
	<u></u>	<u></u>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

5 Employee benefit expenses

	2014 £'000	2013 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	14,829	14,318
Defined contribution pension cost	294	269
Social security contributions and similar taxes	3,672	3,526
	<u>18,795</u>	<u>18,113</u>

The average number of employees (including directors) during the year was as follows:

	2014 Number	2013 Number
Manufacturing	590	585
Management and administration	44	38
Selling and distribution	196	168
	<u>830</u>	<u>792</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page 3, and the Financial Controller of the company.

	2014 £'000	2013 £'000
Salary	1,045	862
Compensations for loss of office	-	108
	<u>1,045</u>	<u>970</u>

The total amount payable to the highest paid director in respect of emoluments was £244,000 (2013 - £185,665). Company pension contributions of £51,000 (2013 - £20,000) were paid to a money purchase scheme on their behalf.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 *(continued)*

6 Auditors remuneration

	2014 £'000	2013 £'000
Fees paid to the Group Auditors for the audit of the consolidated financial statements		
Fees payable to the group's auditors in respect of:		
- audit of the company's annual accounts	5	5
- audit of the company's subsidiaries annual accounts	73	85
- taxation services	28	62
- Other	63	40
	<u> </u>	<u> </u>

7 Finance income and expense

Recognised in profit or loss

	2014 £'000	2013 £'000
Finance income		
Interest received on bank deposits	18	26
	<u> </u>	<u> </u>
Total finance income	<u>18</u>	<u>26</u>
Finance expense		
Finance leases (interest portion)	28	44
Bank loans and overdrafts	386	263
Loans from group companies	74	323
Other	209	-
	<u> </u>	<u> </u>
Total finance expense	<u>697</u>	<u>630</u>
Net finance costs recognised in profit or loss	<u>679</u>	<u>604</u>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 *(continued)*

8 Tax expense	2014 £'000	2013 £'000
<i>(i) Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted joint ventures</i>		
Current tax expense		
Current tax on profits for the year	512	520
Total current tax	512	520
Deferred tax expense		
Deferred tax on foreign operations	415	(34)
Total deferred tax	415	(34)
	927	486
<i>(ii) Total tax expense</i>		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted joint ventures (as above)	927	486
Share of tax expense of equity accounted joint ventures	(21)	-
Income tax expense from discontinued operation (excluding gain on sale) (note 20)	-	(4)
	906	482

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 *(continued)*

8 Tax expense *(continued)*

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2014 £'000	2013 £'000
Profit for the year	3,248	8,621
Income tax expense (including income tax on joint venture and discontinued operation)	906	482
Profit before income taxes	4,154	9,103
Tax using the company's domestic tax rate of 21.5% (2013 - 23.25%)	893	2,116
Income not deductible for tax purposes	(346)	(969)
Capital allowances for period in excess of depreciation	(515)	(1,591)
Utilisation of tax losses	106	875
Other	768	51
Total tax expense	906	482

Changes to corporation tax rates

During the year the UK corporation tax rate was reduced from 23% to 21%.

The Finance Act 2013 was substantively enacted on 17 July 2013 and set the UK corporation tax rate at 21% from 1 April 2014 and 20% from 1 April 2015. This will reduce the Groups current tax charge accordingly.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

9 Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Investment property £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2013	398	25,721	5,856	-	1,630	33,605
Additions	15	529	1,217	-	-	1,761
Disposals	-	(320)	(1,402)	-	-	(1,722)
Transfer from assets under construction	-	-	1,630	-	(1,630)	-
Foreign exchange movements	2	(11)	(150)	-	-	(159)
At 31 December 2013	415	25,919	7,151	-	-	33,485
At 1 January 2014	415	25,919	7,151	-	-	33,485
Additions	27	1,094	670	770	-	2,561
Disposals	-	(672)	(976)	-	-	(1,648)
Foreign exchange movements	(37)	(1,932)	(323)	-	-	(2,292)
At 31 December 2014	405	24,409	6,522	770	-	32,106

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (continued)

9 Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Investment property £'000	Assets under construction £'000	Total £'000
Accumulated depreciation						
At 1 January 2013	167	16,013	3,876	-	-	20,056
Depreciation	33	2,034	1,741	-	-	3,808
Disposals	-	(286)	(1,336)	-	-	(1,622)
Foreign exchange movements	2	405	(757)	-	-	(350)
At 31 December 2013	202	18,166	3,524	-	-	21,892
At 1 January 2014	202	18,166	3,524	-	-	21,892
Depreciation	34	1,853	1,325	3	-	3,215
Disposals	-	(672)	(901)	-	-	(1,573)
Foreign exchange movements	(19)	(1,437)	(237)	-	-	(1,693)
At 31 December 2014	217	17,910	3,711	3	-	21,841
Net book value						
At 1 January 2013	231	9,708	1,980	-	1,630	13,549
At 31 December 2013	213	7,753	3,627	-	-	11,593
At 31 December 2014	188	6,499	2,811	767	-	10,265

The net carrying amount of property, plant and equipment includes the following amounts held under finance leases: Plant, machinery, and motor vehicles £883k (2013 - £1,095k).

The investment property was valued on 9 April 2014 by Pfaff-Sachverstaendiger using existing use value. The valuation was undertaken in accordance with ImmoWertV Property Valuation Act July 2010 (Germany).

The investment property was purchased by the company on 2 September 2014 at this value and the Directors consider this is indicative of the fair value of the property as at 31 December 2014.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

10 Intangible assets

	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 1 January 2013	4,645	539	5,184
Additions - internally developed		450	450
	<hr/>	<hr/>	<hr/>
At 31 December 2013	4,645	989	5,634
	<hr/>	<hr/>	<hr/>
At 1 January 2014	4,645	989	5,634
Additions - internally developed	-	559	559
	<hr/>	<hr/>	<hr/>
At 31 December 2014	4,645	1,548	6,193
	<hr/>	<hr/>	<hr/>
Accumulated amortisation			
At 1 January 2013	-	-	-
Amortisation charge	-	108	108
	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	108	108
	<hr/>	<hr/>	<hr/>
At 1 January 2014	-	108	108
Amortisation charge	-	198	198
	<hr/>	<hr/>	<hr/>
At 31 December 2014	-	306	306
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2013	4,645	539	5,184
At 31 December 2013	4,645	881	5,526
At 31 December 2014	4,645	1,242	5,887
	<hr/>	<hr/>	<hr/>

Goodwill has arisen on the acquisition of the subsidiaries of the former Conex Banninger Limited group. The Group has no contractual commitments for development costs (2013 - £Nil).

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

11 Subsidiaries

The principal subsidiaries of IBP Global Trading Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December	
		2014	2013
Conex Universal Limited	United Kingdom	100%	100%
Masterflow Products Limited	United Kingdom	100%	-
IBP Italia SRL	Italy	100%	100%
IBP Instalittings SP zoo	Poland	100%	100%
IBP Atcosa SL	Spain	100%	100%

On 31 December 2013 the Group disposed of its wholly owned subsidiary Isartor group for £1 (note 20).

During the year the company invested in another subsidiary company Masterflow Products Limited of which IBP Global Trading Limited owns 100% of the share capital.

Investments in associated companies

The Company is in a joint arrangement with an investment in IBP (Shanghai) Limited, for which the company owns 25% (2013 - 25%) of the share capital.

In establishing the carrying value of the investments of the company the directors have carefully considered the nature of the operations of the group and the interactions of the entities throughout the group. The directors consider it appropriate to record the carrying value of the investment at the share of the net asset value of the subsidiary up to a maximum of the original cost. This assessment will be completed annually and an adjustment to the carrying value/impairment provision included to reflect the performance of the entity in that year.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

12 Investments in equity accounted joint ventures

On 1 August 2014 the Group acquired a 50% interest in Triflow Concepts Holdings HK Limited, a company incorporated and operating in Hong Kong. The primary activity of Triflow Concepts Holdings HK Limited is as the sole shareholder of Triflow Concepts Limited a United Kingdom based company distributing high quality taps and filters to the domestic market. This joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below:

Assets acquired 31st July 2014

	Assets	Fair value adjustments	Net assets
At 31 July 2014			
Intangible assets	13	(13)	-
Tangible assets	22	(22)	-
Stock	610	(386)	224
Trade and other receivables	137	(72)	65
Trade and other payables	(166)	-	(166)
Cash in bank	36	-	36
Outside shareholders share of net assets	-	-	-
	<hr/>	<hr/>	<hr/>
Share of assets acquired	652	(493)	159
	<hr/>	<hr/>	<hr/>

The fair value adjustments have been made by group management to reduce the total value of assets to fair value.

Amounts recognised in profit and loss	2014 £'000
Group share of net profit	2
	<hr/>

13 Inventories

	2014 £'000	2013 £'000	2012 £'000
Raw materials and consumables	3,342	4,004	4,473
Work-in-progress	5,247	5,345	5,131
Finished goods and goods for resale	22,288	18,001	21,993
	<hr/>	<hr/>	<hr/>
	30,877	27,350	31,597
	<hr/>	<hr/>	<hr/>

Finished goods include an amount of £5,436k (2013 - £7,826k) carried at fair value less costs to sell.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

14 Trade and other receivables

	2014 £'000	2013 £'000	2012 £'000
Trade receivables	18,040	19,337	15,950
Less: provision for impairment of trade receivables	(719)	(727)	(829)
	<hr/>	<hr/>	<hr/>
Trade receivables - net	17,321	18,610	15,121
Receivables from related parties	788	805	-
Other receivables	2,691	2,722	3,861
Prepayments	890	599	484
	<hr/>	<hr/>	<hr/>
Total current trade and other receivables	21,690	22,736	19,466
	<hr/>	<hr/>	<hr/>
Non-current trade and other receivables			
Deferred tax (note 15)	364	811	761
Other receivables	1,004	1,086	1,082
	<hr/>	<hr/>	<hr/>
Total non-current trade and other receivables	1,368	1,897	1,843
	<hr/>	<hr/>	<hr/>
Total trade and other receivables	23,058	24,633	21,309
	<hr/>	<hr/>	<hr/>

The carrying value of trade and other receivables approximates fair value.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

14 Trade and other receivables (continued)

At 31 December 2014, £14,840k (2013 - £15,478k) of trade receivables had been sold to a provider of invoice discounting and debt factoring services. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. The proceeds from transferring the debts of £12,207k (2013 - £9,634k) are included in other financial liabilities until the debts are collected or the Group makes good any losses incurred by the service provider.

Advances secured under debt financing arrangements are secured against the eligible trade debtors and stock balances of the Group.

As at 31 December 2014 trade receivables of £436k (2013 - £Nil) were past due but not impaired. They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2014 £'000	2013 £'000
Up to 3 months	366	-
3 to 6 months	48	-
6 to 12 months	22	-
	<u>436</u>	<u>-</u>

As at 31 December 2014 trade receivables of £719k (2013 - £727k) were past due and fully impaired.

Movements in the impairment allowance for trade receivables are as follows:

	2014 £'000	2013 £'000
At 1 January	727	829
Increase during the year	280	398
Unused amounts reversed	(288)	(500)
	<u>719</u>	<u>727</u>

The movement in the impairment allowance for trade receivables has been included in the administration line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

15 Deferred tax

The movement on the deferred tax account is as shown below:

	2014 £'000	2013 £'000
At 1 January	811	761
<i>Recognised in profit and loss</i>		
Tax expense	(415)	34
<i>Recognised in other comprehensive income:</i>		
Adjustment arising from exchange rate differences	(32)	16
	<hr/>	<hr/>
At 31 December	364	811
	<hr/>	<hr/>

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

The provision for deferred tax is made up as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	(227)	(1,082)
Losses/other	591	1,893
	<hr/>	<hr/>
	364	811
	<hr/>	<hr/>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

16 Trade and other payables

	2014 £'000	2013 £'000	2012 £'000
Trade payables	14,780	13,216	24,225
Amounts owed to parent undertaking	10,864	17,661	11,099
Amounts owed to related undertaking	156	59	21
Income taxes payable	34	80	608
Other tax and social security	1,408	1,389	1,359
Obligations under finance leases (note 17)	91	4	27
Advances under debt factoring	12,207	9,634	7,022
Accruals and other payables	5,734	5,316	5,700
Grants	3	10	16
Total trade and other payables	45,277	47,369	50,077

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Advances under debt factoring arrangements are secured against the eligible trade debtors and stock balances of the group.

The Group was also party to an invoice discounting facility with two other banks to support the operations of the Group's Spanish operations. The amounts outstanding at the year end were £320k (2013 - £204k). This amount is unsecured and is repayable on demand.

Although technically repayable on demand the directors do not expect to make payment of the amounts owed to parent undertaking for at least 12 months from the date of approval of these financial statements. The loans carry interest at a rate of 3 month LIBOR plus 2.4%. The parent company has waived its entitlement to receive interest for the current and prior period.

17 Obligations under finance leases

The Group leases its motor vehicles and some of its fixtures and fittings. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	2014 £'000	2013 £'000	2012 £'000
Not later than one year	91	4	27
Between one year and five years	566	855	1,034
	657	859	1,061
Current liabilities	91	4	27
Non-current liabilities	566	855	1,034

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

18 Share capital

	Authorised, issued and fully paid			
	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of £1 each	19,800,200	19,800	19,800,200	19,800

19 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<i>Foreign exchange reserve</i>	Gains/losses arising on retranslating the net assets of overseas operations into British Sterling
<i>Retained earnings</i>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

20 Discontinued operations

On 31 December 2013 the group disposed of Isartor group and its subsidiary companies. The purchaser of the company was the ultimate parent, International Building Products Limited and the consideration received was £1.

The profit on disposal of Isartor group has been calculated as follows:

	2013 £'000
Cash disposed of	172
Net cash outflow on disposal of discontinued operation	(172)
<i>Net assets disposed (other than cash):</i>	
- Property, plant and equipment	41
- Trade and other receivables	386
- Other financial assets	146
- Trade and other payables	(1,252)
- Defined benefit pension liability	(7,359)
	8,038
Gain on disposal of discontinued operation	7,866

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

20 Discontinued operations (*continued*)

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2013 £'000
Revenue	5,123
Expenses other than finance costs	(4,490)
Pension scheme returns less charges	(227)
Other finance charges	(22)
Tax (expense)/credit	(4)
Gain from selling discontinued operations after tax	7,866
	<hr/>
Profit/(loss) for the year	8,246
	<hr/>

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	2013 £'000
Operating activities – net cash disposed	(172)
	<hr/>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

21 Defined benefit scheme

The defined benefit pension schemes were transferred out of the group as part of the disposal of Isartor group on 31 December 2013. Therefore no liability remains as at 31 December 2014. The note below is presented for comparative purposes only.

There were three defined benefit pensions schemes operated by the group. The schemes were established under an irrevocable Deed of Trust by the company's German subsidiary, Isartor group. The schemes are known as the International Building Products GmbH scheme, Banninger GmbH Zulauf Renuis scheme and the Delta Werkzeugbau GmbH scheme. In addition, and in accordance with German requirements there was an additional Support Fund (U-Kasse) liability in relation to the schemes. The Deed determined the appointment of trustees to the fund who are required to act in the best interests of the beneficiaries.

A full actuarial valuation of the schemes (including the U-Kasse scheme) was carried out at 31 December 2007 and updated at 31 December 2013 by a qualified independent actuary.

	2013 £'000	2012 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(9,094)	(8,931)
Current service cost	(13)	(9)
Interest cost	(277)	(364)
Actuarial losses	(83)	(983)
Exchange losses/(gains)	(234)	256
Benefits paid	698	937
Amount transferred on sale of operation	9,003	
	<hr/>	<hr/>
At the end of the year	-	(9,094)
	<hr/>	<hr/>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	-	9,094
	<hr/>	<hr/>
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	1,627	1,172
Expected rate of return on plan assets	50	66
Actuarial (losses)/gains	(30)	21
Exchange gains	35	506
Contributions by group	660	794
Benefits paid	(698)	(937)
Amount transferred on sale of operation	(1,644)	5
	<hr/>	<hr/>
At the end of the year	-	1,627
	<hr/>	<hr/>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

21 Defined benefit scheme (continued)

	2013 £'000	2012 £'000
<i>Reconciliation to statement of financial position</i>		
Present value of funded obligations	-	(9,094)
Fair value of plan assets	-	1,627
	<hr/>	<hr/>
Plan deficit	-	(7,467)
	<hr/>	<hr/>

The directors considered that no deferred tax asset should have been recognised in respect of the pension scheme deficit as its future recovery from trading profits was not able to be assessed with sufficient certainty.

	2013 £'000	2012 £'000
<i>The amounts recognised in comprehensive income are as follows:</i>		
<i>Included in administrative expenses:</i>		
Current service cost	13	9
<i>Included in other finance (income)/expense:</i>		
Interest cost	277	364
Expected return of plan assets	(50)	(66)
	<hr/>	<hr/>
	240	307
	<hr/>	<hr/>

	2013 £'000	2012 £'000
<i>Analysis of amount recognised in other comprehensive income</i>		
Actual return less expected return on pension plan assets	(30)	(17)
Experience gains and losses arising on the scheme liabilities	(83)	38
Changes in assumptions underlying the present value of the scheme liabilities	-	(1,023)
	<hr/>	<hr/>
Actuarial losses recognised in the statement of other comprehensive income	(113)	(1,002)
	<hr/>	<hr/>

	2013 £'000	2012 £'000
<i>Cumulative amount of gains/(losses) recognised in the statement of other comprehensive income</i>	(1,234)	(1,121)
	<hr/>	<hr/>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

21 Defined benefit scheme (continued)

	2013 £'000	2012 £'000
<i>Composition of plan assets</i>		
European bonds	-	1,627

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

	2013 £'000	2012 £'000
<i>Actual return on plan assets</i>	-	45

	2013 %	2012 %
<i>Principal actuarial assumptions used at the statement of financial position date</i>		
Discount rates	-	4.60
Expected rates of return on plan assets:		
Bonds	-	4.50
Future salary increases	-	2.50
Future pension increases	-	2.00
Inflation assumption	-	2.50

22 Leases

Operating leases - lessee

The Group maintains a mixed portfolio of owned and leased properties. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews every 5 to 7 years and many have break clauses.

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

	2014 £'000	2013 £'000
Not later than one year	1,631	1,535
Later than one year and not later than five years	6,205	6,103
Later than five years	6,971	8,483
	14,807	16,121

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

22 Leases (*continued*)

Operating leases - lessor

The Group has an operating lease relating to its investment property. The minimum rent receivables under non-cancellable operating leases are as follows:

	2014 £'000	2013 £'000
Not later than one year	77	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	77	-
	<hr/>	<hr/>

23 Financial instruments - risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Advances secured under factoring
- Finance leases

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates on the effectiveness of the processes put in place and of the current level of risk within the business.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

23 Financial instruments - risk management (continued)

General objectives, policies and processes (continued)

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Financial instruments by category

Financial assets

	Loans and receivables at amortised cost	
	2014	2013
	£'000	£'000
Cash and cash equivalents	864	2,030
Trade and other receivables	23,058	24,633
	<hr/>	<hr/>
Total financial assets	23,922	26,663
	<hr/>	<hr/>

Financial liabilities

	Financial liabilities at amortised cost	
	2014	2013
	£'000	£'000
Trade and other payables	32,979	37,731
Advances secured under debt factoring	12,207	9,634
Finance leases – current	91	4
Finance leases – non-current	566	855
	<hr/>	<hr/>
Total financial liabilities	45,843	48,224
	<hr/>	<hr/>

Due to their short-term nature, the carrying value of cash and cash equivalents, advances secured under debt factoring, trade and other receivables, trade, other payables and current finance leases approximates their fair value. There is no material difference to fair value of the long term finance leases.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from management.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

23 Financial instruments - risk management (*continued*)

Financial liabilities (*continued*)

Credit risk (*continued*)

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 14.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, care is taken when choosing a partner unless specified by a connected financial institution.

Cash in bank and short-term deposits

A significant amount of cash is held with the following institutions:

	31 December 2014		31 December 2013	
	Rating	Cash at bank £'000	Rating	Cash at bank £'000
Barclays Bank PLC	A2	8	A2	1,232
Banco Espanol De Credito (BANESTO)	Baa1	372	Baa2	250
Cassa Risparmio Bolinia	WR	230	WR	82
Banco Bilbao Vizcaya Argentaria SA (BBVA)	Baa2	86	-	-
Deutsche Bank AG	A3	40	A2	147
Commerzbank	Baa1	40	Baa1	373
BNP Paribas	A1	7	A1	-
Cajursur	A1	23	A1	-
Other	Various	58	Various	(54)
		<hr/>		<hr/>
		864		2,030
		<hr/>		<hr/>

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

23 Financial instruments - risk management (continued)

Interest rate risk

The Group is exposed to interest rate risk from its group borrowings (see note 16) and advances secured under debt factoring arrangements. It attempts to reduce such risk by minimising the outstanding borrowings with the use of available cash balances across the group. Where possible the group has rates linked to LIBOR/EURIBOR and WIBOR, this minimises the risks of the group being charged interest higher than current market rates. This policy is managed centrally. Local operations are not permitted to borrow long-term from external sources.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives an analysis of the impact of foreign exchange exposure on the main working capital balances and the expected impact on cashflows.

The Group is predominantly exposed to currency risk on purchases made from a major supplier in US \$ and sales made to major customers denominated in Euro. Purchases from this supplier are made on a central basis and wherever possible the risk is matched with incoming receipts. Apart from these particular cashflows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

As of 31 December the Group's net exposure to foreign exchange risk was as follows:

	2014 £000	2013 £000
Net foreign currency financial assets/(liabilities)		
Euro	(4,536)	(2,051)
US Dollar	(7,011)	(3,499)
Polish Zloty	(369)	(314)
Other	909	354
	<hr/>	<hr/>
Total net exposure	(11,007)	(5,510)
	<hr/>	<hr/>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (continued)

23 Financial instruments – risk management (continued)

Foreign exchange risk (continued)

The following table reflects the impact of a 10% movement in non functional currencies retranslated at 31 December 2014.

31 December 2014	10% increase Effect on profit before tax £'000	10% decrease Effect on profit before tax £'000
Euro	412	(412)
US Dollar	637	(637)
Polish Zloty	34	(34)
Other	(82)	82
	<u>1,001</u>	<u>(1,001)</u>
31 December 2013	10% increase Effect on profit before tax £'000	10% decrease Effect on shareholders equity £'000
Euro	186	(186)
US Dollar	318	(318)
Polish Zloty	29	(29)
Other	(32)	32
	<u>501</u>	<u>(501)</u>

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 12 months.

The cash position is continually monitored to maintain the optimum balance between cash available and interest rates applicable at any particular point in time.

The Group also uses agreed trade finance facilities where amounts can be drawn against sales invoices and stock and then repaid as the invoices are settled. This gives the Group greater flexibility and reduces some of the liquidity risks associated with the business.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

24 Related party transactions

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	Sales of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Other group companies headed by the Parent company	-	-	4,300	5,100	788	805	(156)	(59)
Parent company	-	-	-	-	-	-	(10,864)	(17,661)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Details of directors' remuneration are given in note 5.

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2014 or 2013 regarding related party transactions.

In addition, on 2 September 2014, the directors purchased a property (see note 10) from another group company headed by the parent company.

25 Contingent liabilities

Potential tax liabilities

The directors have been advised of an ongoing investigation connected to the charging of VAT on specific sales transactions in both post and prior periods of ownership in an overseas business. The directors have performed a detailed review of the position with the company tax and legal advisers and also held discussions with the relevant tax authority to assess the likelihood that the potential tax liability will crystallize and the amount of such liability. The directors are in continuing discussions with the relevant tax authorities and are defending their position in a number of ways and are hopeful that the tax authorities will accept that that the sales transactions were properly dealt with from a tax perspective and / or that the tax authorities did not lose any tax from the way that the transactions were dealt with. An element of this liability relating to the period January to March 2013 has been settled with the tax authorities and this has been appropriately reflected in the financial statements as at 31 December 2014. The company and group directors are of the view that if a liability notice was to be issued for the remaining period by the relevant tax authorities it would be defended through the courts.

On the basis that no formal notice of liability has been issued by the tax authorities for the remaining period, that the position will continue to be defended in the event that such liability notice is issued and that there is no reliable quantification of the amount of tax that might be decided as being payable at the end of the discussions with the tax authorities and subsequent legal process (if required) the directors have not provided for a tax liability for this matter within these financial statements.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (*continued*)

26 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2014 £'000	2013 £'000
Cash at bank available on demand	864	2,030

Significant non-cash transactions are as follows:

	2014 £'000	2013 £'000
<i>Financing activities</i>		
- Assets acquired under finance leases:		
- Motor vehicles	47	-
- Computers	60	-
- Plant and machinery	71	-

27 Ultimate parent company and parental undertaking of larger group

The Company is a wholly owned subsidiary of International Building Products Limited, a company incorporated in Hong Kong.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

28 First time adoption of IFRS

This is the first time that the company has adopted IFRS having previously applied applicable UK accounting standards.

The date of transition to IFRS was 1 January 2013.

In applying IFRS for the first time the company has made the following elections:

- To retain the carrying amounts of property, plant and equipment at the previous carrying amounts under applicable UK accounting standards
- To retain the carrying amounts of goodwill at their previous carrying amounts under applicable UK accounting standards
- Not to restate any business combinations that occurred before the date of transition to IFRS.

Effect of first time adoption of IFRS having previously applied applicable UK accounting standards

The following tables summarise the effects on the company's equity and total comprehensive income of applying IFRS for the first time.

Reconciliation of equity at 1 January 2013	£'000
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	14,519
<i>Transition adjustments</i>	
2) Lease incentives	(403)
3) Intangible assets	539
	<hr/>
Shareholders' funds as reported in accordance with IFRS	14,655
	<hr/>

Reconciliation of equity at 31 December 2013	£'000
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	22,631
<i>Transition adjustments</i>	
1) Goodwill	225
2) Lease incentives	(643)
3) Intangible assets	881
	<hr/>
Shareholders' funds as reported in accordance with IFRS	23,094
	<hr/>

Reconciliation of total comprehensive income for the year ended 31 December 2013	£'000
Profit for the year as previously in accordance with applicable UK accounting standards	8,112
<i>Transition adjustments</i>	
1) Goodwill	225
2) Lease incentives	(240)
3) Intangible assets	342
	<hr/>
Profit for the year in accordance with IFRS	8,439
	<hr/>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2014 (*continued*)

28 First time adoption of IFRS (*continued*)

The adjustments arising on transition from applicable UK accounting standards to IFRS for the first time are explained as follows:

1) **Goodwill**

In accordance with applicable UK accounting standards goodwill was being amortised to profit or loss over its expected useful life of twenty years.

In accordance with IFRS goodwill is not amortised but is subject to an annual review for impairment. As stated in note 1 this accounting treatment represents a departure from the Companies Act 2006.

2) **Lease incentives**

In accordance with applicable UK accounting standards lease incentives were recognised in profit or loss on a straight line basis over the shorter of the term of the lease and a period up to when the prevailing market rental would become payable under the contractual terms of the lease.

In accordance with IFRS (by virtue of SIC 15 *Operating Leases – Incentives*) lease incentives are recognised in profit or loss on a straight-line basis over the term of the lease.

3) **Intangible assets**

In accordance with applicable UK accounting standards research and development costs were recognised in profit and loss in the year in which the costs were incurred.

In accordance with IFRS development costs are amortised to profit and loss on a straight line basis in line with group policy.

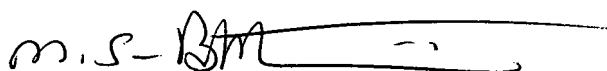
IBP Global Trading Limited

Parent company balance sheet as at 31 December 2014

Company number 07577071

	Note	31 December 2014 £'000	31 December 2014 £'000	31 December 2013 £'000	31 December 2013 £'000	1 January 2013 £'000	1 January 2013 £'000
Fixed assets							
Investments in subsidiaries	4	5,837		5,837		7,374	
Investment in associates	4	151		186		186	
Investments in joint ventures	4	159		-		-	
			6,147		6,023		7,560
Current assets							
Debtors	5	10,514		17,429		10,895	
Creditors: amounts falling due within one year	6	(10,865)		(17,720)		(11,120)	
Net current liabilities			(351)		(291)		(225)
			5,796		5,732		7,335
Capital and reserves							
Called up share capital	7		19,800		19,800		19,800
Profit and loss account			(14,004)		(14,068)		(12,465)
Shareholders' funds			5,796		5,732		7,335

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 9 June 2015.



Manoucher Salehi Bakhtiari
Director

The notes on pages 53 to 57 form part of these financial statements.

IBP Global Trading Limited

Parent company statement of changes in equity for the year ended 31 December 2014

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2014	19,800	(14,068)	5,732
Profit for the year and total comprehensive income	-	64	64
	<u>19,800</u>	<u>(14,004)</u>	<u>5,796</u>
At 31 December 2014			
At 1 January 2013	19,800	(12,465)	7,335
Loss for the year and total comprehensive income	-	(1,603)	(1,603)
	<u>19,800</u>	<u>(14,068)</u>	<u>5,732</u>
At 31 December 2013			

The notes on pages 53 to 57 form part of these financial statements

IBP Global Trading Limited

Notes forming part of the parent company accounts for the year ended 31 December 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework". The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in the company's functional currency Pound Sterling (£) in round thousands (£'000).

First time application of FRS 100 and 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK accounting standards. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK accounting standards.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- disclosure of related party transactions with other wholly owned members of the group headed by IBP Global Trading Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions in respect of financial instruments and impairment of assets have been adopted because equivalent disclosures are included in the consolidated financial statements of IBP Global Trading Limited.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

IBP Global Trading Limited

Notes forming part of the parent company accounts
for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Investments in equity accounted joint arrangements

The company is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The company classifies its interests in joint arrangements as a joint venture, where the company has rights to only the net assets of the joint arrangement.

In assessing the classification of interests in joint arrangements, the company considers:

- the structure of the joint arrangement;
- the legal form of joint arrangements structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement;
- any other facts and circumstances (including any other contractual arrangements).

The company accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Investments in equity accounted associates

Where the company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently, associates are accounted for using the equity method, where the company's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the company's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the company and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

IBP Global Trading Limited

Notes forming part of the parent company accounts
for the year ended 31 December 2014 (*continued*)

2 Critical accounting estimates and judgements

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. The following is a summary of the critical accounting estimates/judgements that were made in the preparation of these financial statements.

Impairment of investments in subsidiaries, associates and joint ventures

The company is required to test whether investments in subsidiaries, associates and joint venture have suffered any impairment. The recoverable amounts of the trading entities have been determined based on value in use estimations. The use of this method requires the estimation of the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

3 Profit and loss account

A separate profit and loss account for the Company is not presented, in accordance with Section 408 of the Companies Act 2006. The profit for the year for the Company dealt with in the consolidated financial statements of the company was £64k (2013 - (£1,603k)).

The remuneration of the directors of the Company is disclosed in note 5 to the group financial statements. Auditor's remuneration is disclosed in to note 6 to the group financial statements.

4 Investments

	Subsidiaries £'000
Cost	
At 1 January 2013, 1 January 2014 and 31 December 2014	19,785
	<hr/>
Accumulated impairments	
At 1 January 2013	12,411
Impairment charge	1,537
	<hr/>
At 31 December 2013 and 31 December 2014	13,948
	<hr/>
Net book value	
At 1 January 2013	7,374
At 31 December 2013	5,837
At 31 December 2014	5,837
	<hr/>

IBP Global Trading Limited

Notes forming part of the parent company accounts
for the year ended 31 December 2014 (*continued*)

4 Investments (*continued*)

Subsidiary undertakings

The following subsidiary undertaking is directly held by the company.

Directly held	Holding %	Nature of business
Conex Universal Limited	100	Distribution
IBP Global Trading Limited	100	Holding company
Masterflow Products Limited	100	Distribution
IBP Banninger Italia SRL	100	Distribution
IBP Instalittings SP zoo	100	Production
IBP Atcosa SL	100	Production/distribution
IBP Shanghai (note 11)	25	Sales office
Triflow Concepts Holdings HK Ltd (note 12)	50	Distribution

Disclosures regarding investments in equity accounted associates and joint ventures are shown in the consolidated accounts of IBP Global Trading Limited - See notes 11 and 12.

On 31 December 2013 the company disposed of its wholly owned subsidiary Isartor Group for £1 (see note 20).

During the year the company invested in another subsidiary company Masterflow Products Limited of which IBP Global Trading owns 100% of the share capital.

5 Debtors: amounts falling due within one year

	2014 £'000	2013 £'000	2012 £'000
Amounts owed by group undertakings	10,514	17,429	10,895

Loan amounts owed by group undertakings represent loans to Conex Universal Limited, a fellow subsidiary. The loans carry interest at a rate of 3 month LIBOR plus 2.4%. The loan agreement states that the loans are repayable upon 3 months' notice by the lender and are therefore disclosed as due within one year. The directors have provided assurances not to demand repayment of a substantial element of the loan balances for at least one year from the date of approval of these financial statements.

6 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000	2012 £'000
Amounts owed to group undertakings	10,864	17,720	11,099
Accruals and deferred income	1	-	21
	10,865	17,720	11,120

IBP Global Trading Limited

Notes forming part of the parent company accounts
for the year ended 31 December 2014 (*continued*)

6 Creditors: amounts falling due within one year (*continued*)

Although technically repayable on demand the directors do not expect to make payment of the amounts owed to group undertaking for at least 12 months from the date of approval of these financial statements. The loans carry interest at a rate of 3 month LIBOR plus 2.4%. The parent company has waived its entitlement to receive interest for the current and prior period.

7 Share capital

	2014 Number	2014 £'000	2013 Number	2013 £'000
<i>Authorised, allotted, called up and fully paid</i>				
Ordinary shares of £1 each	19,800,200	19,800	19,800,200	19,800

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

8 Ultimate controlling party

The company is controlled by International Building Products Limited, a company incorporated in Hong Kong.

9 First time adoption of FRS 101 Reduced Disclosure Framework

This is the first time that the company has adopted FRS 101 having previously applied applicable UK accounting standards.

The date of transition to FRS 101 was 1 January 2013.

In applying FRS 101 for the first time the company has made the following elections:

- To retain the cost of investment in subsidiary undertakings at their previous carrying amounts under applicable UK accounting standards
- To retain the carrying amounts of goodwill at their previous carrying amounts under applicable UK accounting standards
- Not to restate any business combinations that occurred before the date of transition to FRS 101.

Other than the adoption of the reduced disclosures there was no material effect of applying FRS 101 for the first time. The disclosure exemptions adopted are included in note 1 to these notes.