

Carron Phoenix Limited

**Directors' report and financial
statements**

Registered number SC108168

31 December 2014

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Company information

Directors:

Mr J Fischer

Secretary and Registered Office:

Mr I King
Carron Works
Stenhouse Road
Carron
Falkirk
FK2 8DR

Auditor:

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers:

Bank of Scotland PLC
11 Earl Grey Street
Edinburgh
EH3 9BN

Strategic report

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 2014.

The profit for the year, after taxation, amounted to £536,528 (2013: profit £105,619).

Turnover was £22,564,988 which is 100.8% of the previous year, and is higher mainly due to an increase in sales volume partially offset by a reduction in other operating revenues. Gross profit was 17.2% (an increase of 0.9%) on the continuing business which involves composite sink production and the provision of a logistics service to Franke UK Limited. The administrative expenses were lower than the previous year due to a reorganisation of the management and administrative structure.

The cash generation from operations during 2014 continues to be strong. This will lead to all capital expenditure being funded by cash generated from trading. The level of non cash depreciation in 2014 amounted to £1,893,000 (2013: £2,112,000).

The principal risks and uncertainties affecting the business include the following:

- There is a dependence on a small number of raw material suppliers
- Global economic uncertainty affecting demand from customers in the Group supply chain

Key areas of strategic development and performance of the business include:

- Introduction of new product ranges
- Development of processes to increase productivity and quality and reduce costs of production
- Development of planning systems to support business performance.

Key financial indicators include the monitoring of profitability, return on assets, cash-flow and management of net working capital.

By order of the board



I King
Secretary

20 February 2015

Directors' report

Principal activities

The principal activities of the company are the manufacture and sale of sinks.

Proposed dividend

An interim dividend of £500,000 (2013: £nil) was paid and the directors do not recommend the payment of a final dividend.

Directors

The directors who held office during the year and to the date of this report were as follows:

Mr J Fischer

Employee involvement

The company attaches importance to the involvement of employees in its affairs and employees are informed regularly by their own managers on company performance.

Employment of disabled persons

It is the policy of the company that disabled persons will receive full and fair consideration when applying for a job within the company and in selection for training, career development and promotion.

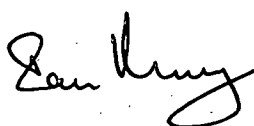
Disclosure of information to auditor

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

Auditor

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

By order of the board



I King
Secretary

20 February 2015

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Carron Phoenix Limited

We have audited the financial statements of Carron Phoenix Limited for the year ended 31 December 2014 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

Matters on which we are required to report by exception

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

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

Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

20 February 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover	2	22,565	22,385
Cost of sales		(18,687)	(18,726)
		<hr/>	<hr/>
Gross profit		3,878	3,659
Distribution costs		(339)	(393)
Administrative expenses		(2,769)	(2,985)
		<hr/>	<hr/>
Operating profit		770	281
Interest receivable	6	16	19
Interest payable and similar charges	6	-	(39)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3-5	786	261
Taxation	7	(249)	(155)
		<hr/>	<hr/>
Profit for the financial year	15	537	106
		<hr/> <hr/>	<hr/> <hr/>

A statement of movements on reserves is given in note 15.

Other than the profit for the financial year, there were no other recognised gains or losses.


The operating profit relates entirely to continuing activities.

The notes on pages 8 to 15 form an integral part of these financial statements

Balance sheet
at 31 December 2014

	<i>Note</i>	2014		2013
		£000	£000	£000
Fixed assets				
Tangible assets	8		8,242	9,444
Current assets				
Stocks	9	1,269		1,178
Debtors	10	4,667		2,264
Cash at bank and in hand		532		1,255
		<hr/>		<hr/>
Creditors: amounts falling due within one year	11	6,468 (3,098)		4,697 (2,592)
		<hr/>		<hr/>
Net current assets			3,370	2,105
			<hr/>	<hr/>
Total assets less current liabilities			11,612	11,549
			<hr/>	<hr/>
Provisions for liabilities and charges	13		(33)	(7)
			<hr/>	<hr/>
Net assets			11,579	11,542
			<hr/>	<hr/>
Capital and reserves				
Called up share capital	14	6,000		6,000
Profit and loss account	15	5,579		5,542
		<hr/>		<hr/>
Shareholders' funds	16		11,579	11,542
			<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 20 February 2015 and signed on its behalf by:


J Fischer
Director

The notes on pages 8 to 15 form an integral part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	20 years
Plant, machinery and equipment	2 to 10 years
Office Equipment	2 to 10 years
Motor vehicles: Commercial vehicles	5 years
Motor cars	4 years

No depreciation is provided on freehold land, or assets under construction.

Government grants

Government grants in respect of capital projects are credited to trading profit over the estimated useful economic lives of the assets to which they relate. The grants shown in the balance sheet consist of the total grants received and receivable to date less amounts so far credited to profits. Revenue grants received and receivable are credited to the profit and loss account in the year to which they relate.

Stocks

Stocks are valued at the lower of cost and net realisable value. For work in progress and finished goods cost is taken as production cost which includes an appropriate proportion of overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised without discounting in respect of all timing differences between the treatment of certain item for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that these amounts are recoverable.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling in the month of the transaction or at the forward exchange contract rate. Assets and liabilities denominated in foreign currencies are translated into sterling at the year end rate of exchange and exchange differences arising are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and depreciated over their useful economic lives. Outstanding obligations under the leases net of finance charges are included as a liability. Operating lease costs are charged to the profit and loss account as incurred.

Pensions

The amount charged against profits represents the contributions payable to the company's defined contribution pension schemes in respect of the accounting year.

2 Turnover

Turnover is shown excluding VAT and represents sales of sinks and accessories.

	2014 £000	2013 £000
The geographical markets are as follows:		
Great Britain	3,047	2,571
Overseas	19,518	19,814
	<hr/> 22,565 <hr/>	<hr/> 22,385 <hr/>

3 Profit on ordinary activities before taxation

	2014 £000	2013 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	1,893	2,112
Redundancy costs	271	36
Hire of vehicles under operating leases	28	32
Hire of plant and machinery	79	69
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements pursuant to legislation	19	20
Other services relating to taxation	5	1
	<hr/> 19,518 <hr/>	<hr/> 19,814 <hr/>

Notes (continued)

4 Employee numbers and costs

	Number of employees	
	2014	2013
<i>Average number of employees by activity</i>		
Production	178	177
Sales and administration	44	49
	<hr/>	<hr/>
	222	226
	<hr/>	<hr/>
	2014	2013
	£000	£000
<i>Employee costs</i>		
Wages and salaries	6,925	7,219
Social security costs	720	761
Other pension costs	368	347
	<hr/>	<hr/>
	8,013	8,327
	<hr/>	<hr/>

5 Remuneration of directors

	2014	2013
	£000	£000
Directors' emoluments	13	230
	<hr/>	<hr/>
Company contributions to money purchase pension schemes	-	9
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid director was £13,000 (2013: £197,000) and company pension contributions of £Nil (2013: £9,067) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to the following number of directors	Number of directors	
Under:	2014	2013
Money purchase schemes	-	1
	<hr/>	<hr/>

6 Interest

	2014	2013
	£000	£000
Bank interest receivable	16	19
	<hr/>	<hr/>
	16	19
	<hr/>	<hr/>
Interest payable on bank overdrafts	-	1
Interest payable on loans from group undertakings	-	38
	<hr/>	<hr/>
	-	39
	<hr/>	<hr/>

Notes (continued)

7 Taxation

	2014 £000	2013 £000
UK corporation tax charge on income in current year	239	158
Adjustments to tax in respect of previous periods	(16)	(4)
	<hr/>	<hr/>
Total current tax charge	223	154
<i>Deferred taxation</i> (see note 13)		
Origination of timing differences	26	1
	<hr/>	<hr/>
Total deferred tax	26	1
	<hr/>	<hr/>
Tax on ordinary activities	249	155
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax credit for the current year

The current tax charge for the year is higher (2013: *higher*) than the standard rate of corporation tax in the UK of 21.5%, (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
Current tax reconciliation		
Profit on ordinary activities before tax	786	261
	<hr/>	<hr/>
Current tax at 21.5% (2013: 23.25%)	169	61
<i>Effects of:</i>		
Expenses not deductible for tax purposes	11	5
Timing differences	(26)	(1)
Depreciation on assets not qualifying for allowances	85	92
Adjustments to tax in respect of previous periods	(16)	(3)
	<hr/>	<hr/>
Total Current Tax Charge for the Year	223	154
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Tangible fixed assets

	Freehold land and buildings £000	Office equipment £000	Plant machinery and equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost						
At start of year	9,924	302	30,207	18	62	40,513
Additions	-	-	648	-	303	951
Transfers	-	-	62	-	(62)	-
Disposals	-	-	(4,562)	-	-	(4,562)
At end of year	9,924	302	26,355	18	303	36,902
Depreciation						
At start of year	6,209	274	24,568	18	-	31,069
Charge for year	387	7	1,499	-	-	1,893
Disposals	-	-	(4,302)	-	-	(4,302)
At end of year	6,596	281	21,765	18	-	28,660
Net book amount						
At 31 December 2014	3,328	21	4,590	-	303	8,242
At 31 December 2013	3,715	28	5,639	-	62	9,444

Included within land and buildings is £101,000 of land that is not depreciated (2013: £101,000).

9 Stocks

	2014 £000	2013 £000
Raw materials and consumables	555	687
Work in progress	361	329
Finished goods and goods for resale	353	162
	1,269	1,178

The directors are of the opinion that the replacement cost of stocks would not be materially different from the above.

Notes *(continued)*

10 Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	4,391	1,944
Prepayments and other debtors	276	320
	<u>4,667</u>	<u>2,264</u>

11 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	1,127	1,465
Other tax and social security	237	231
Other creditors and accruals	823	846
Due to group undertakings	911	50
	<u>3,098</u>	<u>2,592</u>

12 Operating leases

	Other operating leases 2014 £000	2013 £000
Annual commitments under non-cancellable operating leases in respect of other assets	14	27
These can be analysed as follows		
Payable in respect of leases which expire within one year	2	7
Payable in respect of leases which expire between two and five years	12	20
	<u>14</u>	<u>27</u>

Notes *(continued)*

13 Deferred Tax

**Deferred taxation
£000**

Deferred tax provision at beginning of year	(7)	
Movement for year	(26)	
	<hr/>	

Deferred tax provision at end of year	(33)	
	<hr/> <hr/>	

The elements of deferred taxation are set out below:

	2014 £000	2013 £000
Difference between accumulated depreciation and capital expenditure	(33)	(7)
	<hr/> <hr/>	<hr/> <hr/>

14 Share capital

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
6 million ordinary shares of £1 each	6,000	6,000
	<hr/> <hr/>	<hr/> <hr/>

15 Reserves

	2014 £000	2013 £000
<i>Profit and loss account</i>		
At start of year	5,542	5,436
Profit for the financial year	537	106
Dividend paid	(500)	-
	<hr/>	<hr/>
At end of year	5,579	5,542
	<hr/> <hr/>	<hr/> <hr/>

16 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Profit for the financial year	537	106
	<hr/>	<hr/>
Net increase in shareholders' funds	537	106
Opening shareholders' funds	11,542	11,436
Dividend paid	(500)	-
	<hr/>	<hr/>
Closing shareholders' funds	11,579	11,542
	<hr/> <hr/>	<hr/> <hr/>

17 Capital commitments

	2014 £000	2013 £000
Contracted but not provided	63	-
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Guarantees

The company has given a guarantee covering all sums due by Franke UK Holding Limited and certain UK subsidiary undertakings to the Bank of Scotland, and has granted a right of offset against any amount owed by any of these group companies to the Bank. The group and company bank overdrafts are secured in favour of the Bank of Scotland by way of a floating charge.

19 Pension costs

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £368,000 (2013: £347,000).

20 Related party transactions

Transactions with related parties, as defined by Financial Reporting Standard 8, being fellow subsidiaries of the Franke Artemis Holding AG group not included in the UK statutory consolidated accounts of Franke UK Holding Limited are summarised below:

	2014 £000	2013 £000
Sales to fellow subsidiaries on normal trading terms	18,983	19,322
Purchases from fellow subsidiaries on normal trading terms	170	271
Sale of fixed assets to fellow subsidiaries	253	-
Purchase of fixed assets from fellow subsidiaries	8	716
Management charges from fellow subsidiaries	484	403
Royalty charges from fellow subsidiaries	116	209
SAP Implementation & Running Costs	257	354
Other expenses charged by group companies	9	3
Factoring charges	25	20
Directors' fees	13	31
Amounts due by fellow subsidiaries	4,241	1,277
Amounts owed to fellow subsidiaries	861	50

Advantage has been taken of the exemption permitted under FRS 8 not to report details of transactions with fellow subsidiaries where the group's holding is 100% and which are included in the UK statutory consolidated accounts of Franke UK Holding Limited.

21 Immediate and ultimate holding company

The company is a wholly owned subsidiary undertaking of Franke UK Holding Ltd which is registered in Scotland.

Copies of the Franke UK Holding Limited group accounts, which incorporate the results of the company, are available from:

The Registrar of Companies
Companies House
4th Floor
Edinburgh Quay 2
139 Fountainbridge
Edinburgh
EH3 9FF

The directors of the company consider Franke Artemis Holding AG, a private Swiss company, to be the company's ultimate parent undertaking.

Copies of Franke Artemis Holding AG group accounts, which incorporate the results of the Franke UK Holding Limited group, are not available to the public.